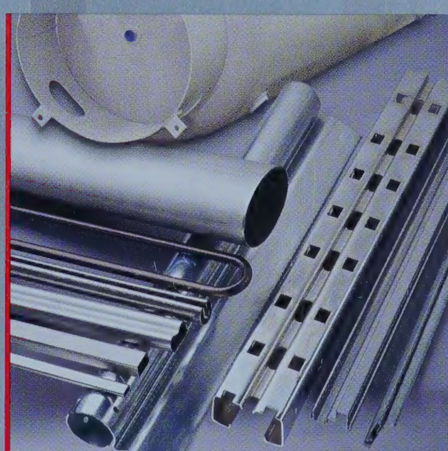
SAMUEL MANU-TECH INC.

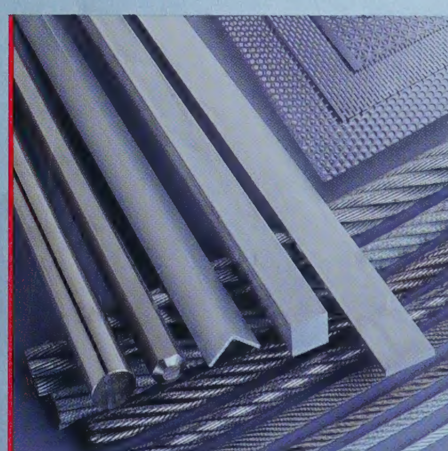
ANNUAL REPORT

2001

Packaging



Metal Processing



Distribution

The Company - A Brief Overview

Samuel Manu-Tech Inc. was established as a publicly traded company in 1985. Previous to that time, the original operations had been part of the privately held Samuel, Son & Co., Limited group of companies whose origins date back to 1855. Samuel Manu-Tech Inc. has grown considerably since its creation, building on the tradition of excellence, dependability and durability from whence it came. Samuel Manu-Tech's operations are divided into three segments – Packaging, Metal Processing and Distribution. Packaging comprises the manufacture and distribution of steel and plastic strapping and related machinery and tools in North America and distribution activities in Europe as well as the manufacture and distribution of wire stitching equipment in Racine, Wisconsin. Metal Processing comprises the manufacture of stainless steel tubular products, roll formed products, steel pressure vessels and the pickling of steel. Distribution comprises the distribution of specialized metal products and wire rope and chain in Canada and of stainless steel long products in the United States.

The mandate of the Corporate Office is to provide the support necessary to make each segment a profitable, growing concern capable of maintaining a strong position in its industry. This is achieved by investing in and exploiting the most advanced production, quality control and communication technologies available... and by applying sound, thoroughly proven management philosophies and methods. The Company is also constantly seeking out new acquisitions and opportunities to enhance performance and shareholder value.

Good profits in the short term, superior return on investment in the long term, and a strong commitment to our customers, suppliers, employees and the environment ensure the Company's continued growth and success.

Samuel Manu-Tech's common shares are listed on The Toronto Stock Exchange under the trading symbol SMT.

Corporate Environmental Policy

Samuel Manu-Tech Inc. believes that it is in the best interest of our employees, our shareholders and our community that we strive to provide safe and healthy workplaces, and to avoid any action which would damage the natural environment. Accordingly, we have adopted the following principles and policies in order to achieve this goal:

- Protection of the environment is the responsibility of everyone at Samuel Manu-Tech.

- Samuel Manu-Tech will meet or exceed all applicable environmental laws and regulations. To achieve this objective, the Company will conduct environmental audits and will regularly monitor environmental compliance.

- Samuel Manu-Tech will maintain a program for crisis management and will ensure that its employees are trained in environmental issues.

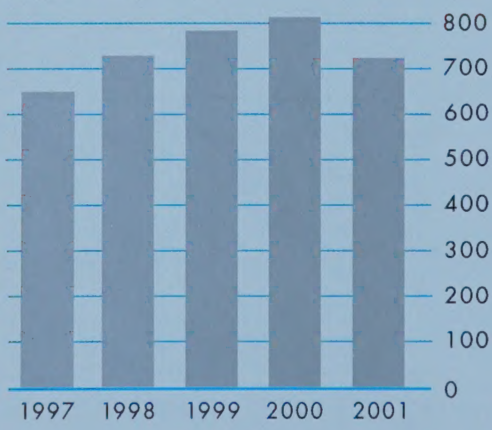
- Samuel Manu-Tech's Corporate Environmental Officer will be responsible for monitoring the Corporate Environmental Compliance Program. This officer will report on the Company's environmental performance to the President and CEO who in turn will regularly report on environmental issues to Samuel Manu-Tech's Board of Directors.

- Adherence to these environmental principles and policies will sustain the viability of our business and enable us to continue to provide value to our employees, customers, shareholders and communities.

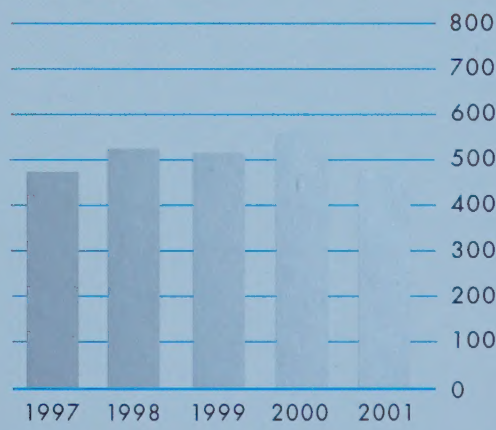
FINANCIAL HIGHLIGHTS

(thousands of dollars except per share amounts)	**2001**	2000	1999
Net Sales	**$720,817**	$ 806,482	$ 793,354
Earnings Before Interest, Taxes, Depreciation, Amortization, Loss on Sale of European Business in 2001 and Restructuring Charge in 2000 (EBITDA)	**61,432**	81,828	89,214
Operating Profit Before Interest, Goodwill Amortization, Loss on Sale of European Business in 2001 and Restructuring Charge in 2000	**33,923**	54,836	65,107
(Loss) Earnings Before Goodwill Amortization	**(4,433)**	20,058	35,677
– Basic and Diluted (Loss) Earnings per Share	**(0.13)**	0.59	1.03
Net (Loss) Earnings	**(6,064)**	18,175	33,768
– Basic and Diluted (Loss) Earnings per Share	**(0.18)**	0.53	0.98
Cash Flows from Operating Activities	**76,775**	33,845	65,784
Fixed Asset Expenditures	**30,657**	26,730	20,753
Working Capital	**139,083**	159,113	149,811
Working Capital Ratio	**2.4**	2.2	2.2
Return on Average Shareholders' Equity	**(2.8%)**	8.1%	15.6%
Total Assets	**482,498**	555,098	511,534
Share Price at Year-End on TSE	**5.40**	5.70	7.00

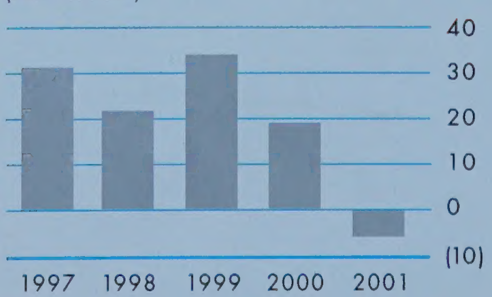
NET SALES
(millions of dollars)



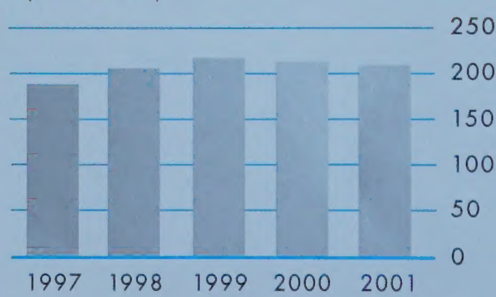
TOTAL ASSETS
(millions of dollars)



NET EARNINGS (LOSS)
(millions of dollars)



SHAREHOLDERS' EQUITY
(millions of dollars)

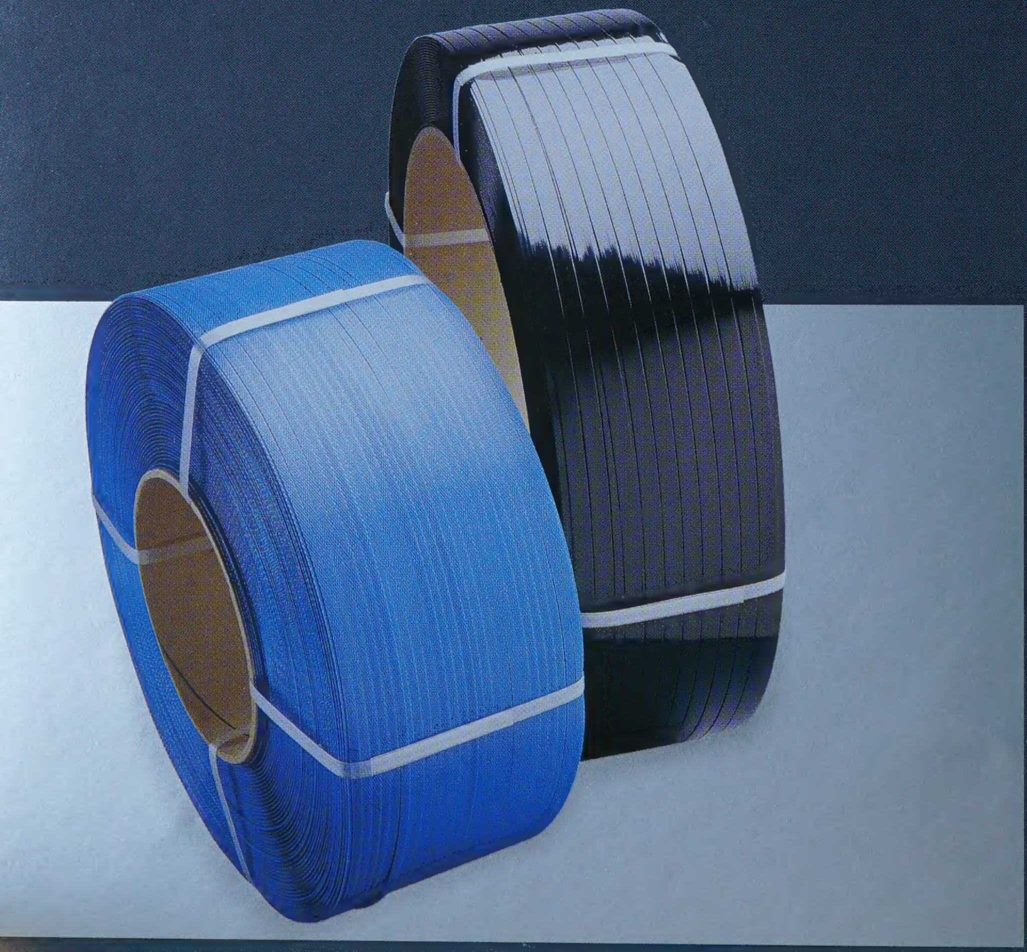


REPORT TO SHAREHOLDERS

Samuel Manu-Tech Inc. (SMT), experienced a difficult year in 2001. Sales and earnings both declined as the Company struggled against weak economic conditions. The Company also incurred a significant loss on the sale of its European business which resulted in the first net loss in our history.

Net sales for the year decreased 10.6% to $720.8 million with all segments recording lower sales. The net loss for the year was $6.1 million or $0.18 per share. (The loss on the sale of our European business of $20.4 million after tax negatively impacted earnings by $0.62). As a result, our return on average shareholders' equity decreased to a negative 2.8% compared to a positive 8.1% in 2000.

All three segments of our business, Packaging, Metal Processing and Distribution, recorded lower sales in 2001. Meanwhile, a recovery in the operating earnings of our Packaging segment was more than offset by significant declines in the other two. Many of our served value-added markets, including Forestry, Mining, Metals and Railcar all experienced highly negative conditions during the year. While recent trade actions including anticipated U.S. section 201 penalties may lead shortly to a stronger metals marketplace, similar optimism is not immediately anticipated in the Forestry and Railcar markets.



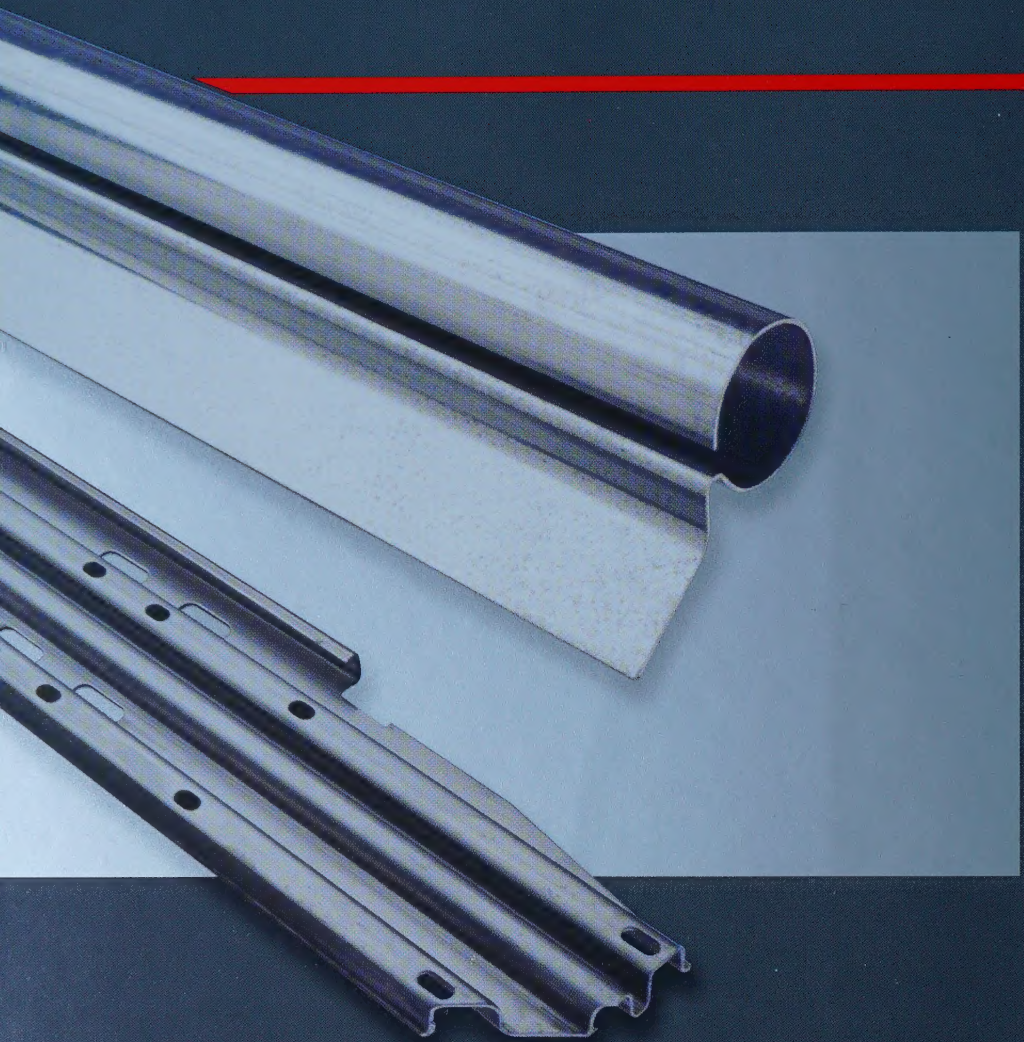
Our Company experienced a difficult year in 2001. Sales and earnings both declined during weak economic conditions. We have responded by consolidating, temporarily closing or selling certain operations, thus reducing operating costs while at the same time aggressively improving our working capital performance.

SMT has responded to these challenges by reducing operating costs, consolidating or selling operations where appropriate, reducing debt and aggressively improving its working capital performance.

In response to weaker demand for pickling in the Ohio marketplace we chose to temporarily close our Cleveland facility late in 2001 and to consolidate our business into our Twinsburg location. This has led to higher throughput and a return to profitability. Similarly, we closed our Fountain Inn, South Carolina strapping manufacturing facility during the year and consolidated our plastic production into our two remaining U.S. plastic plants in Fort Mill, South Carolina and Winchester, Tennessee. This has allowed for a reduction in operating costs and greater productivity in addition to higher quality products.

A strategic analysis of our Packaging segment during the year led to the decision to divest our UK unit. While the operation was profitable, it did not promise the long-term performance that we are committed to achieving at SMT. The sale has brought significant cash into the Company and has allowed management to refocus their time and resources.

Meanwhile, we continued to invest in the future of our Company. Capital expenditures of $30.7 million included the completion of our latest state-of-the-art pickling facility at Nanticoke, Ontario; new specialty tubing mills in Markham, Ontario and an investment in value-added roll form processing equipment in Cambridge and Brampton, Ontario. Early in the year we also acquired the business and assets of Surrey Wire Rope Ltd. and Pearce Industries Ltd. Their market penetration in British Columbia, Alberta and the U.S. Pacific Northwest will enhance the reach of our Distribution segment.



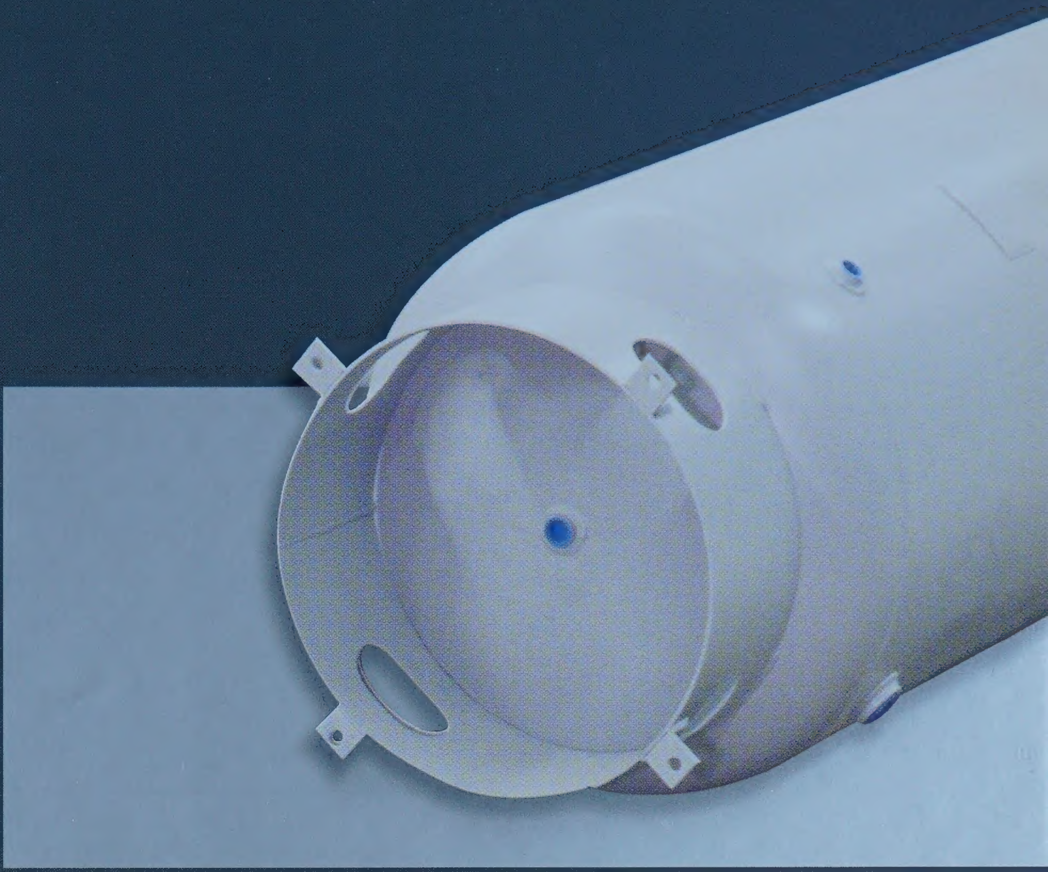
Despite a difficult year we have continued to invest in the future of the Company. We completed our latest state-of-the-art pickling facility, added specialty tubing capacity and invested in value-added roll form processing equipment.

The Company focused a great deal of attention on our working capital performance in 2001… with positive results. We reduced our investment in accounts receivable by over $28.6 million during the year and our investment in inventories declined to $123.9 million, a reduction of $37 million. This performance has contributed to our ability to reduce our corporate debt load and has improved our return on investment.

Safeguarding the environment and the health and welfare of our employees is a key objective. All applicable Federal, State and Provincial regulations have been complied with. Training programs are developed and implemented as required to ensure our performance.

We strive to deliver only the highest quality products to our customers. Our principal locations are certified to the highest standards including QS 9000 and ISO 9002. We rely on a high level of training and the dedication of our employees to produce world class products.

The past year also witnessed the retirement of two senior Company managers. Mr. Wallace Rayner was Executive Vice-President and Chief Financial Officer of the Company and an important member of our Executive team. I announced his pending retirement in last year's report. Wallace's replacement is Mr. John Amodeo. Mr. Lewis Samuel retired from the helm of our Packaging segment in June after over 40 years of service to the organization. Replacing Lewis as President of Packaging is Mr. John Morton who previously



served as Executive Vice-President. I extend my thanks to both Wallace and Lewis for all their years of dedication and service.

As we enter 2002 we have not yet seen a recovery in a number of our served markets. Thanks to our efforts to reduce our cost base, to reduce our investment in working capital and to gain higher productivity out of our facilities we are seeing a trend towards stronger performance. We anticipate that recent trade rulings and the pending 201 decision may further strengthen the market. Provided that economic conditions improve in the second half of the year we anticipate stronger operating performance.

Respectfully submitted,

Mark C. Samuel
President and CEO

The market downturn experienced at the end of the third quarter in 2000 continued throughout 2001. This resulted in lower sales revenues. However, due to our restructuring program initiated at the end of 2000, together with a focus on further cost reductions in 2001, the Packaging segment was successful in improving profitability over the previous year.

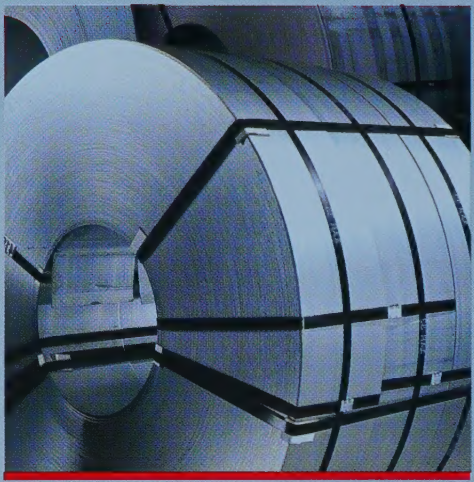
All major industries we service in the North American market were affected by the economic slow down. The forestry, metals and container industries, the three largest industries we service, were severely impacted in 2001. This accounted for the major portion of our sales shortfall.

Due to the uncertainty of the European market, particularly the United Kingdom, we took the opportunity to sell our business in the UK. The unit was generating a positive return, but its future contribution to our strategic and financial goals was less certain. We will continue to be active in Europe through a well-established network of distributors strategically located who actively sell selected Samuel North American made products.

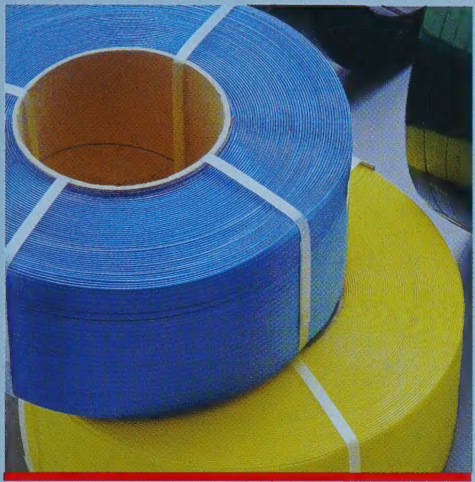
During 2001, we also took the opportunity to consolidate our plastic strapping operations in the U.S.A. from three to two manufacturing sites. Each plant is now dedicated and focused on manufacturing specific products and grades of plastic strapping, and on increasing operating efficiencies. This was an integral part of our restructuring and capital program initiated at the end of 2000 and has resulted in significant headcount reductions.

Our well trained industry-focused sales and service organizations, both in Canada and the USA, have been successful in penetrating key industries through a value-added selling strategy. Under this strategy, we combine sales, service and technical expertise with our comprehensive range of equipment and consumable products.

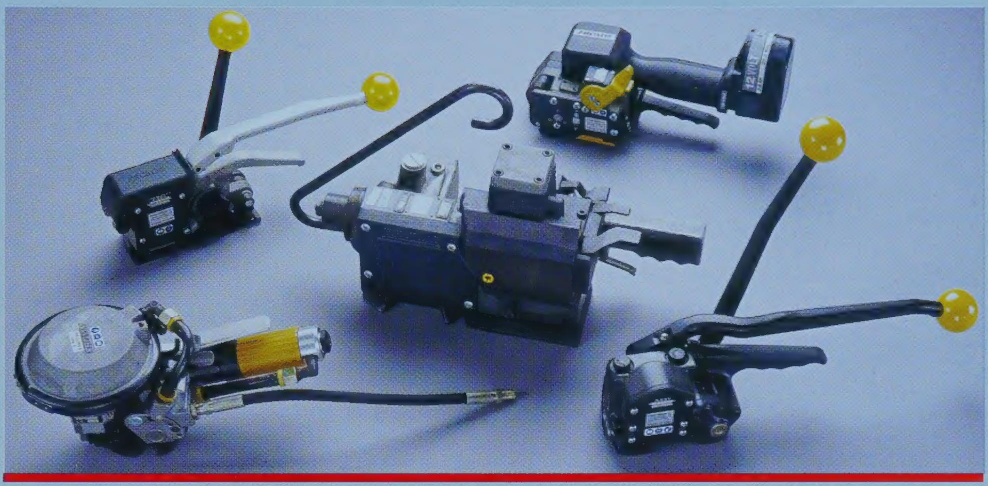
Market demand is growing for "bundled contracts" in various sectors. This allows major customers to reduce their number of suppliers, and consequently command more value from fewer suppliers. We are in a position to take advantage of this market-driven demand and have been successful in getting major bundled contracts in the metals, forestry, graphics and container industries. Having a single source for a diversity of packaging and unitizing products reduces transaction costs for both the supplier and the customer. An integral part of our strategy is the successful sourcing and supplying of products that we do not produce in order to be a one-stop single source supplier. Some of the additional products include product identification equipment and consumables, stretch film, void fillers, hexicomb, bubble wrap and rubber mats. These sales opportunities have been made possible through our close association and strategic alliances with leading manufacturers. Over the past five years we have also developed sophisticated administrative systems to manage multi-site bundled contracts, some with in excess of 200 locations in North America.



A typical steel strapping application in the metal service industry.



Polypropylene plastic strapping produced at our Winchester, Tennessee plant.



Samuel Strapping Systems sells and services a comprehensive line of reliable high quality Fromm Tools. This is one of the examples of our long standing strategic partnerships with key equipment suppliers throughout the world.

Fully integrated strapping and stretch wrap automatic system with the exclusive Samuel Titan VK20 heads, designed for the U.S. Postal Industry.

We have continued our commitment to the "Business Enterprise Unit Concept", which allows for more focused, faster growth in specialized industries. This concept has proven successful in our Product Identification Business, which expanded from a forestry base to now include the food and beverage and metals industries. The Stretch Film Machine manufacturing operation again grew in the number of units shipped and expanded with a non-strapping core of independent distributors. We also saw further growth in our exports, supplying customers around the world.

Generally lower capital expenditures resulted in reduced order bookings for strapping machine system sales which are an important cornerstone of our marketing program. They generate ongoing sales for our consumable products and create a strong strategic alliance and interdependency with our customers. We are beginning to see the benefits from our machine system sales and engineering groups which were reorganized during 2001 into one North American Group. Prior to this, they were organized separately under Canada and the USA. Significant cost reductions have resulted from this reorganization. Our new organizational structure has resulted in increased sales coverage, standardized engineering, and improved service.

Although 2001 was a slower year for strapping machine sales, our order backlog improved significantly toward the end of the year due to the successful award of a number of machine system sales in the lumber, brick, container, tire and graphic industries. We have an order backlog level that will give us a strong start into 2002.

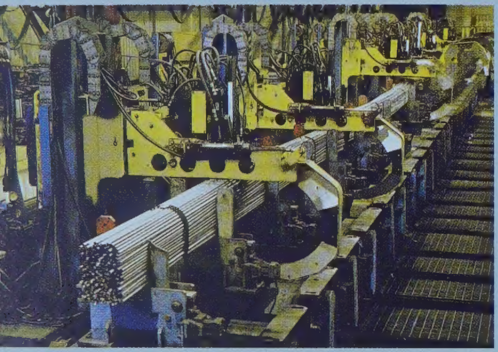
We realized financial benefits from the capital project in the plastic plants started at the end of 2000. Our steel strapping plant productivity continues to improve with higher production output per man-hour. The 2001 capital program targeted both the steel and plastic operations.

The economic downturn which prevailed throughout 2001 made it imperative that we further streamline and improve our business. This has been the driver for improving our efficiency and cost structure, enabling us to offer high quality value-added products and services at competitive prices. We are increasingly well positioned to grow our market share and to profit from the recovering economy.

We will continue to challenge all areas of the Packaging segment for continuous quality and cost improvements, which will contribute to the long-term success and profitability of our own business and that of our customers.

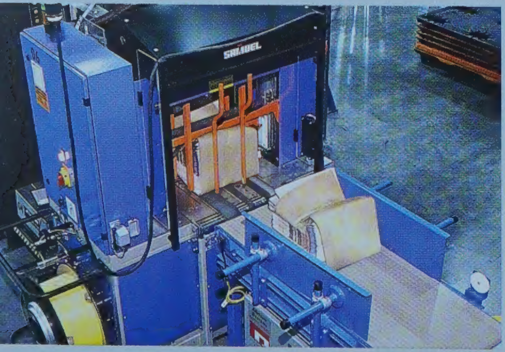
Samuel Strapping Systems markets its products and services to specific industry segments as illustrated below. The focused management and dedicated resources improve our effectiveness in delivering value-added solutions to our customers.

A fully automatic engineered strapping system at "Canada Brick" in Ontario. This is the most modern state-of-the-art brick manufacturing plant in the world. Our strapping system incorporates the exclusive Samuel Titan VK30 head with Samuel produced 5/8" x .040" polyester strapping.



"Co-Steel Lasco" operates an automatic six-station strapping system with Samuel G9 strapping heads.

"Shelburne Wood Processing" lumber strapping system with exclusive Samuel Titan VK30 head.



New installation of 23 Schneider NT40 newspaper bundlers at "Omaha World Herald".

Samuel Strapping Systems is dedicated to value-added system selling, working in partnership with its customers. The growth of "bundled contracts" in the global market place is challenging the packaging industry, yet our Company continues to take a leadership role in this evolving new way of doing business.

Together with our highly skilled employees, modern manufacturing plants and our responsive customer service and sales force network, we are committed to providing our customers with innovative, high quality, cost effective packaging systems and solutions.

Samuel Strapping Systems is a complete one-stop-shop for all packaging and unitizing needs. We will remain customer and market driven, focused on timely, value-added packaging solutions to satisfy the current and future needs of our customers.

The year 2001 produced mixed results for our Metal Processing segment. While overall sales and operating profits were substantially reduced from 2000, some of our products, namely, stainless steel tubular products and steel pressure vessels generated better financial results compared to the previous year. Roll forming however, was negatively affected by a significant decline in rail car production and the general economic downturn. This year has also been particularly difficult for the North American integrated steel mills and consequently has negatively impacted our pickling and processing operations.

We continue to achieve steady improvement in our overall productivity. Streamlined product flow through manufacturing facilities, as well as increased process speeds and lower product yield losses are ongoing targets for our employees. Our goal is to optimize our production assets.

Stainless Steel Tubular Products

The process of emphasizing "specialty engineered tubing solutions" with our customers, rather than producing "commodity" products, has proven conclusively to be the right course for sustainable profitability and strong return on investment.

A world-wide imbalance between supply and demand for stainless steel has contributed to softening and unpredictable pricing. Our emphasis on specialty engineered tubing products has reduced our vulnerability to a wildly fluctuating stainless steel market and its key input - nickel supply and nickel prices. Nevertheless, the variability of stainless steel, duplex alloys and high nickel alloy materials was a challenge during 2001, and will continue to be a challenge throughout 2002.

Vital to the success of our specialty engineered new product development process is our continuous improvement program. Founded in our QS 9000 and ISO 9002 certification, our insistence upon manufacturing products to the highest quality standards is a fundamental element of our corporate culture.

For our stainless steel tubular products business, we rely on a relatively small number of significant customers to be our strategic partners. Our market focus is principally Canada, the United States, and Mexico. Fully three-quarters of our sales go to American customers, in diverse markets such as automotive, residential and industrial heating, power generation, and resource processing. We believe that our geographic and end use industry diversity is a significant strategic strength going forward.

Roll Formed Products

Total roll formed product sales dropped in 2001. Weak demand for custom roll formed products led the decline. We are a major supplier of components to the North American freight car builders, an industry which was hit hard by the economic downturn in 2001. Construction sales however increased. By combining building products from three different plants, we offer "one-stop-shopping" to our customers. This concept has also found favour in the export market. Gains made in construction sales were not enough to offset the loss of custom products, however.

In response to lower demand for roll formed products in 2001, some marketing and sales, production, and back-office functions were consolidated and total staff was reduced. Intensive training of personnel at all levels from hourly to top management is critical to the success of this project and will continue through 2002.

Our Brampton, Ontario facility continues to produce a variety of mid-range roll formed products. The latest induction welding technology was installed on one of our mills in 2001. This investment gave us the capacity to produce larger and heavier welded sections relative to our competition.

Our Cambridge, Ontario operation continues as our primary supplier of heavy custom roll formed sections and components. The production of construction products has increased in this location this year as marketing efforts intensified to offset reduced custom sales.

Stainless Steel Tubular Products

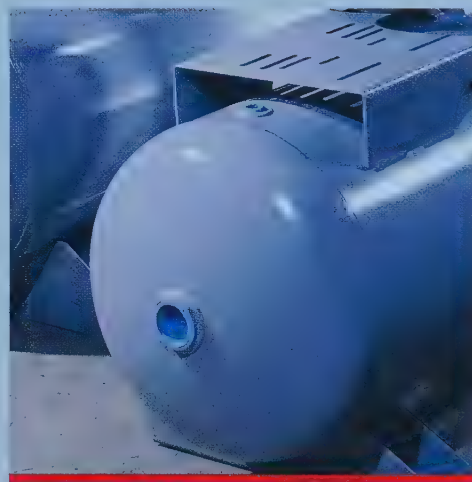
Also at our Cambridge location we added a programmable plasma-burning table, TIG welders, tandem brakes and a heavy shearing machine, allowing us to increase our value-added production capabilities. In 2002, a structural drilling line currently operated on our behalf by another company will be transferred here. We will also complete certification as a structural welding facility by the Canadian Welding Bureau. Our goal is to position ourselves for the anticipated long-term increase in heavy structural component production.

In 2001, our Mississauga facility was able to reorient away from its traditional production base of custom products to high volume roofing, siding and deck products for the domestic construction market. This allowed us to fill some of the void caused by a drop in custom sales this year.

Our Scarborough plant continues to produce light to medium cold roll formed custom products. In 2001, we modified an existing line with a new feeder-flattener and pre-punched press system. This change gave us the ability to supply components to the reusable shipping container market. We also installed a new feeder-flattener unit on an additional line for greater overall efficiency. The decline in our custom work was offset with high volume steel framing for the construction market.

Roll Formed Products

Steel Pickling and Processing



Steel Pressure Vessels

Steel Pickling and Processing

The flood of imported steel into North America and the decline in the automotive sector that started in the second half of 2000 continued to negatively impact operations throughout 2001. Business conditions were poor on both sides of the border, but our United States operations were hit the hardest.

As business levels continued to decline in Ohio throughout 2001, we decided to temporarily shut down our Cleveland operating facility and consolidate all Ohio operations into our Twinsburg facility. This consolidation was completed by the end of November. We are now operating the Twinsburg facility at about 85% of its rated capacity. Subsequent to our temporary shut down, LTV Steel, the largest integrated steel producer in the Cleveland marketplace, announced plans to shut down their steel making operations. The steel industry's demand and the revival of the automotive sector will both determine the timing of the re-opening of the Cleveland facility.

WorldClass Processing, our steel pickling operation in Pennsylvania, also struggled in 2001. We have taken the necessary steps to reduce costs and staffing levels to reflect the business conditions. We are monitoring whether the closure of LTV Steel's steel making facilities in the Cleveland and Chicago market areas will strengthen the integrated steel mills in the Pittsburgh marketplace and thus position WorldClass to benefit from their improvement.

Canadian activity has been stronger than in the United States throughout 2001. We successfully started up our new facility in Nanticoke, Ontario in October of this year. The commissioning and start-up went very well although the facility did not reach its full operating level by the year end. As soon as business conditions warrant it, we anticipate moving to a full 20 shift per week level.

We are not expecting significant changes in operating conditions until well into 2002. We have made the necessary moves to reduce our costs and staffing levels to reflect our current production levels and are positioned to quickly respond to improving market conditions. As always, our operating levels are impacted by the automotive sector, and we will need to see a recovery in this sector before we see any significant growth.

Activity in our Consulting and Technology unit reflected the weak conditions in the overall steel industry. Capital spending has all but dried up for most steel companies, as cash preservation has become the order of the day. The Consulting and Technology unit has however stayed busy with re-builds and repairs to existing lines in place of new expansions. We expect this trend will continue in 2002.

Steel Pressure Vessels

As one of the largest manufacturers of ASME (American Society of Mechanical Engineers) pressure vessels in North America we fabricated over 30,000 tanks of various sizes and 15,000 paint pots and lids. In spite of poor economic conditions, sales for 2001 were marginally ahead of the previous year on the strength of our expanded customer base and product line diversification.

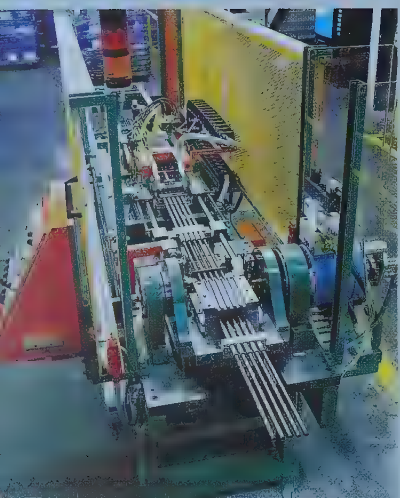
In 2001 we established a warehouse in California which with our Dallas, Texas location has given us coverage of the majority of the American market.

Our paint pot business performed well in 2001 and we are looking for increased sales to the U.K. in 2002 as the European community adopts new standards for this product.

We continued to make operating enhancements in our Virginia plant. Additional robotic equipment was installed in 2001 to retrofit our current equipment. A new round seam welder was added to the production line to reduce costs and improve quality. New types of welding machines are being analyzed and assembly operations are being reviewed to ensure we are doing the best possible job. We are currently looking at expanding the business by creating a specialty tank production line that will further reduce production costs.

Our new products and processes for specialty engineered tubing markets continue to offset the softening in North American economic activity.

Welded stainless steel elliptical tubing for aftermarket automotive applications.



Custom designed pipe bending machine producing 5 bends simultaneously.

Additional capacity has been added to the small diameter tube production.

30,000 foot continuous coiled tube manufactured in duplex alloy.

Our leading-edge technology and skilled workforce support our successful efforts to supply specialty engineered tubing to the North American market. We continue to develop new value-added products that provide cost-effective solutions for customers in the automotive, furnace, food, beverage, oil and gas industries.

As a respected manufacturer of welded stainless steel tubular products, it is our goal to work in unison with our customers, developing new profiles and tubular configurations to meet their sophisticated requirements.

We have worked aggressively to achieve a reputation as a high quality manufacturer of specialty tubing solutions.

Specialty engineered tubing manufactured to meet customers' demands for unique tubular solutions. Each tubular configuration pictured above presents challenges for traditional roll forming, welding, and fabrication capabilities. Our success is based upon eliminating costly secondary operations for our customers.

Our roll formed products cover a wide range in size, shape and industry application. We have a roll form production line to answer virtually every need for roll formed products.

We manufacture a number of rail car structural sections. This one is a centre sill for a coal car.

Value-added service is provided out of our new building in Cambridge, Ontario.

Plasma-cutting of long roll formed sections.

MIG and TIG welding on the premises.

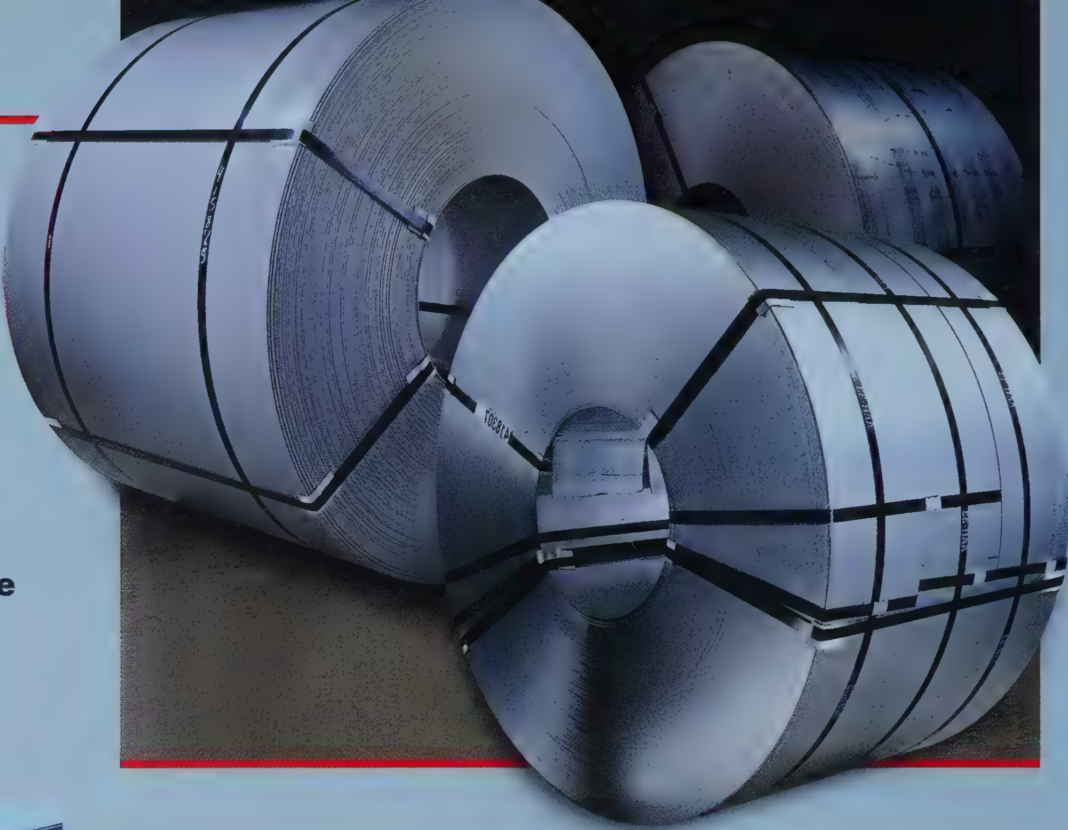
Our roll formed products supply virtually all major industries including industrial and residential building, architectural design applications, rail and road transport, automotive, recreational, agricultural, office furniture, mining and heavy construction such as seaport dry docks and highway guiderail systems.

Roll formed parts range in size from a few inches, weighing less than 5 oz., to heavy, long and wide sections, measuring over 100 feet and weighing up to 4000 lbs. Shapes range from the simplest to the most complex and include in-line piercing, notching and welding. Custom fabrications can be provided as value-added customer service.

A variety of roll formed products for various applications. Some feature pre-piercing, notching and in-line welding. Some custom applications are manufactured on specially designed production lines.

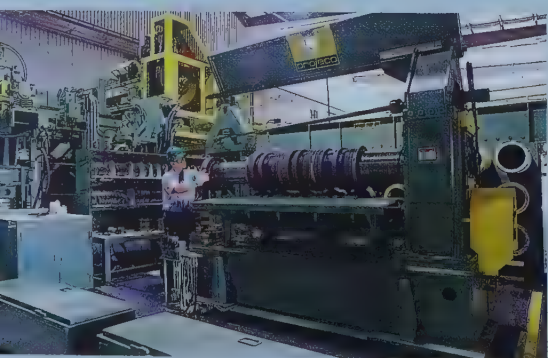
Steel Pickling and Processing

We are a pioneer in the chemical process of steel pickling which is a vital part of the Company's metal processing operations. With the completion of the most current expansion at Nanticoke we have a processing capacity of over 3,500,000 tons annually.



New steel pickling plant in Nanticoke, Ontario.

Pickling line in new building had a good start-up.

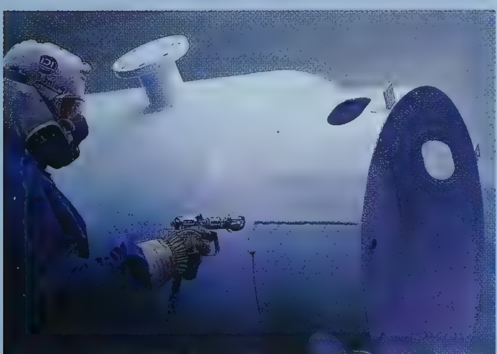


Tooling set-up area.

Steel pickling is one of our core services provided to the steel manufacturing industry in turn supporting the automotive, fabricating, appliance, and other industries. We guarantee the highest quality in the industry backed by a wealth of experience in steel pickling technology. All of our operating locations are certified to the QS 9000 standard.

As a designer and builder of pickling process sections, we have the added advantage of in-depth knowledge in pickling technology. The company's patented Turbo-Tunnel® is one of the most efficient turbulent pickling systems available and our unique patented Stain-Free® system allows the horizontal strip to remain completely submerged from roll bite to roll bite. Our unique position as operator and designer/manufacturer makes us an ideal choice as a supplier of steel pickling services.

Manufacturing quality pressure vessels is another integral part of our metal processing operations. Distribution of our pressure vessels spans across most of the North American continent.



Powder painting is available in various colours.

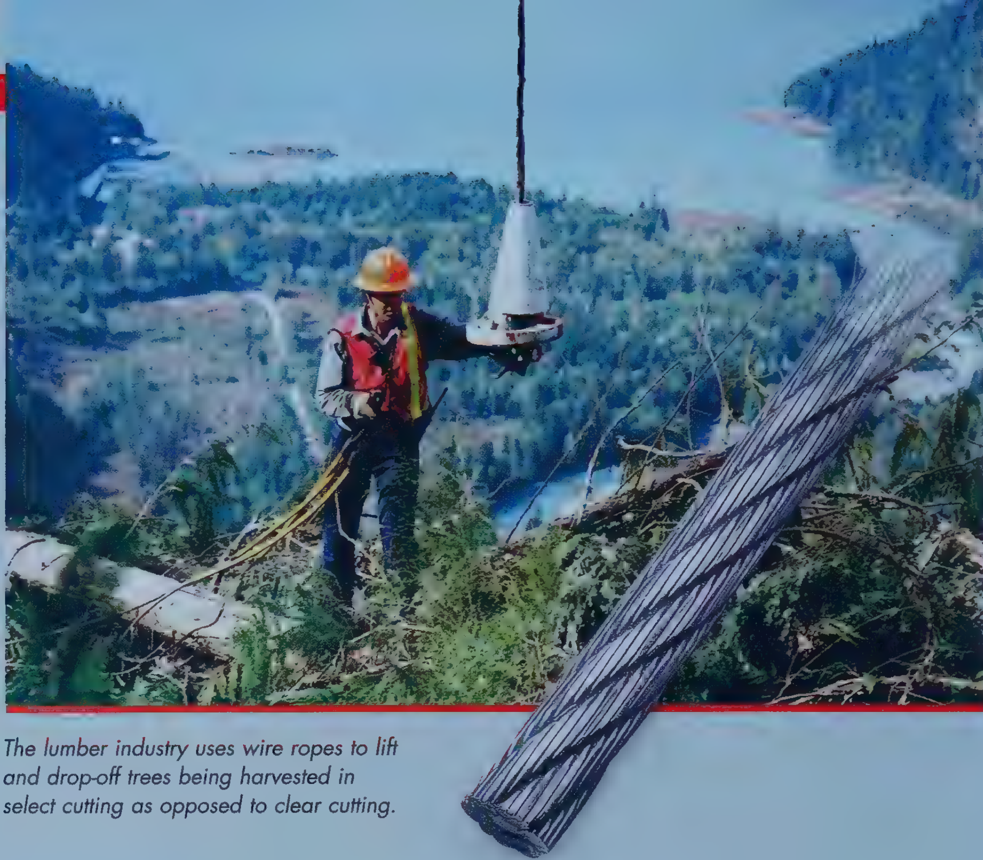
We keep an in-stock inventory to ship out on short notice.

We are one of the largest manufacturers of ASME (American Society of Mechanical Engineers) pressure vessels in North America serving the air compressor and the metal stamping press industries and other related sub-industries.

We manufacture both small high volume production line tanks and larger specialty vessels. They range in size from 4″ to 120″. Our manufacturing facility has CNC plate rolling, CNC punching and plasma cutting, welding, powder painting and other equipment for handling fabrication of carbon steel generally under 1″ in thickness.

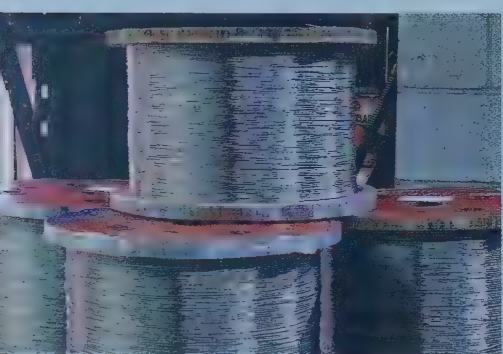
DISTRIBUTION

Unalloy-IWRC calls upon the world to source the best product mix for industry. The manufacturing mills we have selected are scrutinized for product assurance and performance.



The lumber industry uses wire ropes to lift and drop-off trees being harvested in select cutting as opposed to clear cutting.

Custom slings and ends for wire rope and chains.



High strength wire used in the automotive industry.

Custom order of wire ropes ready to be shipped.

The Unalloy Group is a diverse metals distribution business whose products find their way into a broad range of North American industries.

Our disappointing 2001 performance was indicative of the overall economic conditions in North America. The softness experienced late in the second half of 2000 turned to recession-like conditions in the second quarter of 2001 and continued through the year in all of our business operations. This led to significant downsizing to lower our operating costs.

Unalloy-IWRC, our Canadian metals distribution unit, started the year with the acquisition of the net assets of Surrey Wire Rope Ltd. and Pearce Industries Ltd. in British Columbia and Alberta, giving us a national presence in the wire rope business, now our core product in Canada. The new businesses were successfully integrated into our existing operations.

The drop off in automotive production hurt our tool steel business, and to a lesser degree, our wire rope business. The adverse effect of the softwood lumber dispute on our British Columbia and Quebec operations was even more pronounced, but our belief is that this will be resolved in early 2002.

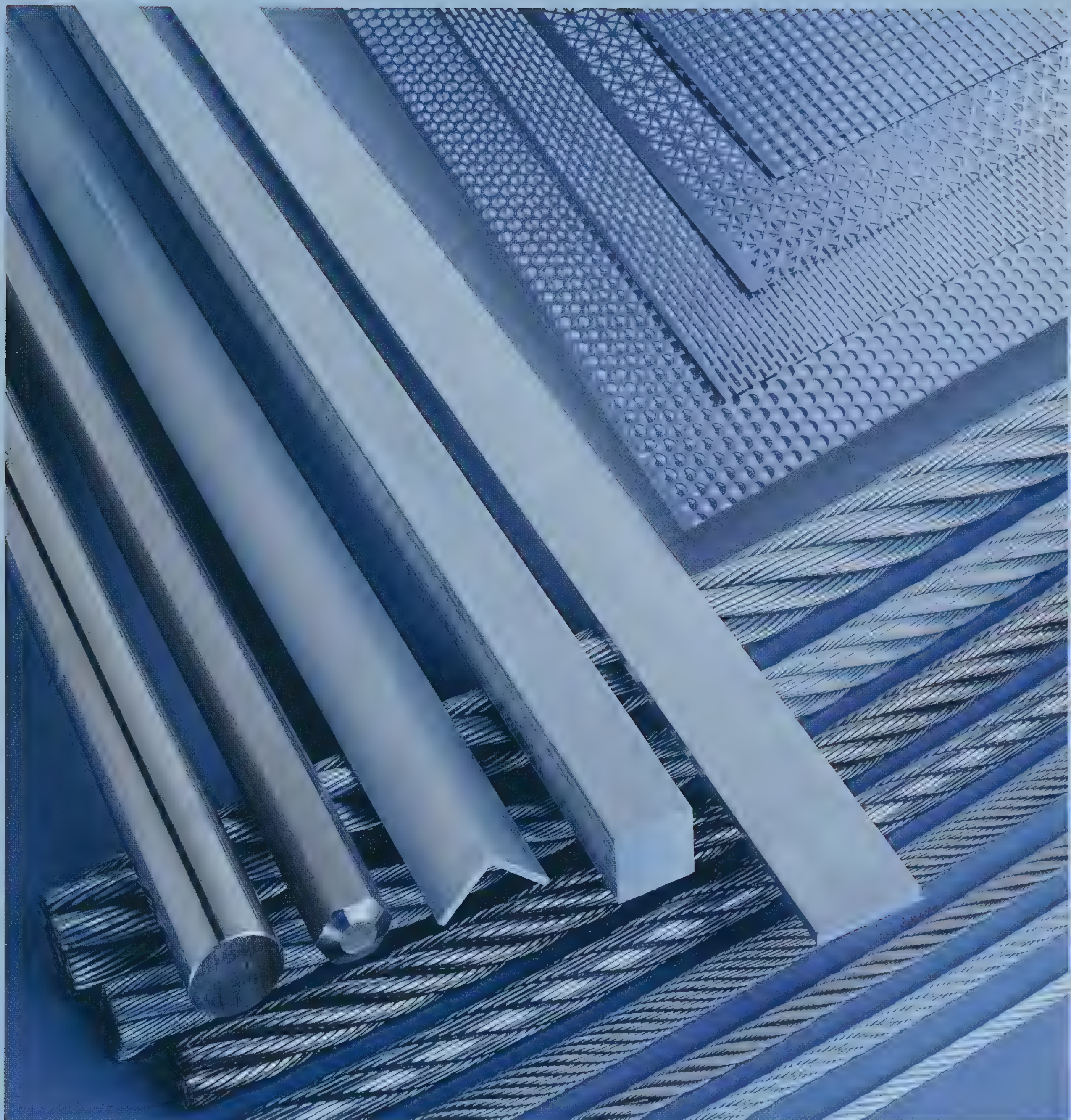
Late in the year we acquired the inventories of Perforated Metals Plus Inc., a major competitor in the perforated metals business, making us the largest distributor for this product in Canada.

Energy Steel Products, our metals distribution unit in the United States, saw a sharp decline at the mid point of the year in all branch operations but one. The one exception, our Houston branch, which serves the petro-chemical industry, remained strong through most of the year, but with the recent decline in world energy prices, is now experiencing the same poor economic conditions. This led us to downsize our operations in all branches in the fourth quarter effectively reducing our sales force by 25%.

We continue to focus on improving the efficiency of our operations and the servicing of our customers. All of our operations in the United States have now successfully attained their ISO 9002 accreditations again, the only business in our segment of the industry to do so.

Impending dumping actions, and the likely imposition of additional duties or import restrictions resulting from the United States 201 trade sanctions, should leave us well positioned amongst our competitors.

In 2002, we expect to continue our industry leading business-to-business e-commerce initiatives directly linking customers to our legacy system. Our employee base is committed to being "The Best of Class" in their respective marketplaces.



We have five basic product groups:

- Perforated metals and wire mesh
- Hardware and building products
- Wire rope, chain and fittings
- Stainless steel long products
- Tool steel products

RESULTS OF OPERATIONS

The Company classifies its businesses into three distinct segments - Packaging, Metal Processing and Distribution. Packaging comprises the manufacture and distribution of steel and plastic strapping and related machinery and tools in North America and distribution activities in Europe as well as the manufacture and distribution of wire stitching equipment in Racine, Wisconsin. Metal Processing comprises the manufacture of stainless steel tubular products, roll formed products, steel pressure vessels and the pickling of steel. Distribution comprises the distribution of specialized metal products and wire rope and chain in Canada and of stainless steel long products in the United States.

Net Sales

Net sales for 2001 were $720.8 million, a decrease of $85.7 million or 10.6% from 2000 with all segments recording lower sales. Results this year include the impact of the Distribution segment's acquisition of the business and assets of Surrey Wire Rope Ltd. and Pearce Industries Ltd. effective March 12, 2001, as well as the results of the Packaging segment's European business up to November 21, 2001, the effective date of the sale of this unit.

Sales of the Packaging segment amounted to $367.9 million, which is $36.9 million or 9.1% lower than the $404.8 million achieved in 2000 with weakness noted in all geographic areas. The slowing in the North American economy and the market downturn which started in the third quarter last year continued throughout 2001. The economic slowdown in turn had a severe negative impact on all major industries serviced by the Packaging segment in North America including the forestry, metals and container industries. As announced on November 21, 2001, due to the continuing uncertainty of the European market, the Company took the opportunity to sell its strapping subsidiary in the United Kingdom. The Company will, however, continue to be active in Europe, which is an important market, through its well established network of distributors. Growth in Packaging sales in 2002 will be highly dependent on an improvement in the North American economy.

Metal Processing sales in 2001 amounted to $259.7 million which represents a decrease of $43.0 million or 14.2% from the prior year's $302.7 million. Within this segment, sales of roll formed products were below the prior year mainly due to a change in product mix which resulted in lower sales of custom products and a decline in rail car production. Steel pickling sales volumes also declined from the prior year due to the slowdown in automotive-related activity that started in the second half of 2000 and continued to negatively impact sales throughout 2001. Sales of stainless steel tubular products and pressure vessels were ahead of the previous year. Weakness in markets currently served by the Metal Processing segment would indicate that sales are unlikely to increase until at least the second half of 2002.

Distribution sales were $93.2 million in 2001 which represents a 5.9% decrease from 2000's $99.0 million. Although sales in Canada remained relatively flat compared to last year, the major shortfall in the year occurred at the U.S. unit which experienced a sharp decline in sales in the second half of the year. As a result, this prompted management to downsize the U.S. operations and reduce the size of the sales force. Costs related to the downsizing have been reflected in cost of sales, selling and administration in 2001. For 2002, the expectation is for a slow first half before economic conditions are expected to improve.

Sales in 2001 by our U.S. and U.K. operations, together with exports by Canadian divisions, accounted for $448.7 million or 62.2% of total Company sales, compared to $483.0 million or 59.9% last year.

Earnings

Operating profit (earnings before interest, income taxes, goodwill amortization, loss on sale of European business in 2001 and restructuring charge in 2000) amounted to $33.9 million in 2001, a decrease of $20.9 million or 38.1% from 2000. The major reasons for the decrease were lower earnings in the Metal Processing and Distribution segments.

At the Packaging segment, operating earnings were $15.1 million which represents an increase of $1.0 million or 7.1% over the previous year's $14.1 million with all of the increase coming from the U.S. where additional savings related to the prior year's restructuring were realized. Although the U.S. enjoyed much improved results, earnings in Canada were down because of the reduction in demand for steel strapping and in the U.K. due to a slowdown in the U.K. economy, increased competition from mainland Europe and margin compression on exports due to the strength of the British pound compared to the Euro.

Due to the deteriorating profitability at the U.K. unit and the economic conditions in the European market, senior management undertook a detailed review of this operation and concluded that its contribution to the Company's overall strategic and financial goals had become less certain. As a result, this unit was sold effective November 21, 2001 resulting in a loss on the sale of $25.1 million (after tax $20.4 million).

Despite the current economic conditions, an improvement in Packaging profits is expected in 2002 primarily as a result of additional cost savings flowing from the restructuring.

Operating earnings of the Metal Processing segment in 2001 amounted to $26.7 million, a decrease of $14.9 million or 35.8% from $41.6 million in the prior year. The major reason for the decline is a reduction in earnings from roll formed products due to reduced shipments of heavy custom sections to the railroad industry. Profits from steel pickling operations were also down from the prior year due to the flood of imported steel coming into North America and reduced demand flowing from the slowdown in the automotive industry. Earnings from the sale of stainless steel tubular products were ahead of the prior year, however, mainly due to an improved product mix as this unit moved away from commodity to specialty engineered stainless tubular products. Earnings from the sales of pressure vessels were also ahead of the prior year. An improvement in Metal Processing profits in 2002 will be dependent on an improvement in the North American economy.

The Distribution segment incurred a loss of $2.7 million in 2001 compared to earnings of $2.9 million in the prior year. Both the Canadian and U.S. units incurred losses as a result of the soft market conditions in both Canada and the U.S. that persisted throughout the year. These conditions have led to a downsizing at both units in order to lower overall operating costs. Provided the current soft market conditions improve in the latter half of 2002, increased profits are expected from Distribution activities.

Operating earnings in 2001 were also affected by $1.2 million related to costs associated with the Company's research and development projects. The cost of activities of a similar nature in 2000 was $1.5 million.

Interest expense for the year was $12.4 million compared to $13.4 million in the prior year. The decrease of $1.0 million in 2001 relates primarily to the fact that more interest was capitalized to major projects in 2001 compared to 2000, coupled with the reduction in interest rates during the year as well as lower aggregate borrowings. Interest revenue decreased to $0.1 million from $0.3 million in 2000.

The Company's effective tax rate decreased to (12.0%) in 2001 from 12.7% in the previous year primarily as a result of the loss on sale of the European business.

Loss before goodwill amortization for 2001 was $4.4 million or $0.13 per share which represents a decrease of $24.5 million or 121.9% from the $20.1 million or $0.59 per share earned in the prior year. The loss on sale of the European business of $20.4 million after tax negatively impacted earnings in 2001 by $0.62 per share. Net loss was $6.1 million or $0.18 per share which reflects a decrease of 133.5% from the $18.2 million or $0.53 per share earned in the prior year.

Net loss as a percentage of sales was a negative 0.8% in 2001 compared to a positive 2.3% in 2000 with the decrease reflecting the lower earnings from the Metal Processing and Distribution segments and the loss on sale of the European business. Earnings before interest, taxes, depreciation and amortization and loss on sale of European business in 2001 and restructuring charge in 2000 (EBITDA), were 8.5% of sales in 2001, compared to 10.2% achieved in the prior year.

EBITDA should not be construed as a substitute for operating earnings, net earnings or cash flow from operations (each as determined in accordance with generally accepted accounting principles) for the purpose of analyzing the Company's operating performance, financial position or cash flows. The Company believes that, in addition to cash flow from operations and net earnings, EBITDA is a useful financial performance measurement for assessing operating performance as it provides investors with an additional basis to evaluate the ability of the Company to incur and service debt and to fund capital expenditures.

Provided economic conditions improve as expected in the second half of 2002, the Company expects that earnings will be higher next year.

FINANCIAL CONDITION

Liquidity and Capital Resources

Cash flow from operations before changes in non-cash working capital in 2001 amounted to $39.5 million which is down $17.6 million from $57.1 million in the previous year with the decrease attributable to lower earnings. Overall cash flow from operating activities increased to $76.8 million from $33.8 million reflecting decreased requirements for non-cash working capital. In particular, the Company was successful in lowering its overall level of investment in accounts receivable and inventories.

Cash used for investing activities at $10.4 million is well below the prior year's $52.1 million and is due to decreased business acquisitions as well as the proceeds on the sale of the European business. Cash used for financing activities amounted to $33.2 million this year compared to $2.1 million in the prior year with the increase due primarily to repayment of long-term debt. During 2001, the Company spent $4.2 million on the purchase of 752,195 shares under its Normal Course Issuer Bids. Dividends paid on common shares amounted to $4.6 million in 2001 compared to $6.8 million in 2000 reflecting a decrease, effective with the second quarter of 2001, in the quarterly dividend rate to $0.03 per share from $0.05 per share the previous year.

In aggregate, the cash position increased in 2001 by $33.9 million compared to a decrease of $20.2 million in 2000. The cash increase in the current year has resulted in lower bank indebtedness. The Company continues to maintain credit facilities with various banks and, at December 31, 2001 had available unused credit facilities of approximately $108 million.

Capital Expenditures

Capital expenditures in 2001 of $30.7 million were higher than depreciation and amortization which amounted to $27.5 million and was above 2000's capital spending which totaled $26.7 million. Expenditures in 2001 were related primarily to completing the new steel pickling line at Nanticoke, Ontario; expansion of roll form value-added production equipment in Cambridge and Brampton, Ontario; new specialty engineered tubing mills in Markham, Ontario; upgrades to the steel strapping lines in Mississauga, Ontario; and, plastic strapping machine upgrades in the United States in conjunction with consolidating the operations from three to two manufacturing plants. Capital spending in 2002 is expected to approximate $25 million consisting mainly of new and replacement machinery and equipment at all manufacturing facilities.

Actual capital commitments outstanding at the end of 2001 amounted to $4.9 million compared to $27.7 million at the end of 2000 and related mainly to equipment purchases at a number of facilities.

Business Acquisitions

Business acquisitions in 2001 amounted to $2.7 million compared to $27.1 million in 2000. Effective March 12, 2001, the business and assets of Surrey Wire Rope Ltd.

("Surrey") and Pearce Industries Ltd. ("Pearce") were acquired at a cost of $2.7 million. Surrey and Pearce based in Surrey, British Columbia, are involved in the distribution of wire rope products in British Columbia, Alberta and the U.S. Pacific Northwest and complements the activities of the Company's Distribution segment.

Working Capital

Working capital at December 31, 2001 was $139.1 million, a decrease of $20.0 million from $159.1 million at December 31, 2000 with the decrease due mainly to a reduced investment in accounts receivable and inventories offset in part by lower bank indebtedness. The working capital ratio at year-end was 2.4 which is higher than the 2.2 at the end of the previous year.

Net Borrowings to Capitalization

The Company's net borrowings at the end of 2001 amounted to $160.6 million, a decrease of $48.1 million from $208.7 million at the end of the previous year. This decrease reflects the reduced spending on business acquisitions, the lower investment in working capital and the proceeds realized on the sale of the European business. The net debt to capitalization ratio at the end of 2001 improved to 43.2% from 48.5% at the end of the prior year.

New Accounting Principles

Effective January 1, 2001, the Company adopted the new recommendations of the CICA with respect to the calculation of earnings per share. The adoption of these recommendations had no effect on basic earnings per share and the assumed exercise of outstanding stock options would not have a dilutive effect.

Effective January 1, 2002, the Company will also be adopting, on a prospective basis, the new recommendations of the CICA with respect to accounting for goodwill and other intangible assets and accounting for stock-based compensation and other stock-based payments. As a result of adopting the goodwill and other intangible assets recommendations, goodwill will no longer be amortized but will be subjected to an annual impairment test to ensure that its carrying value does not exceed the fair value. Amortization of goodwill in 2001 amounted to $1,970. In future, goodwill will be reported on the balance sheet as an asset, less any write down for impairment. The effect of adopting the recommendations with respect to stock-based compensation and other stock-based payments is not expected to be material.

Shareholders

As a result of the net loss in 2001, the return on average shareholders' equity decreased to a negative 2.8% from a positive 8.1% in the prior year reflecting the decreased profitability in the Metal Processing and Distribution segments of the Company as well as the loss on the sale of the European business. The book value per share was $6.49 at the end of 2001, a decrease of 2.6% from the prior year's $6.66 as retained earnings were negatively impacted by the net loss in the current year and the charge related to shares purchased under the Issuer Bid.

Under its Normal Course Issuer Bids, the Company purchased and cancelled 752,195 common shares at an average price of $5.648 per share for a total consideration of $4.2 million of which $3.6 million was charged to retained earnings representing the cost of the shares purchased in excess of their stated value. Of the total shares purchased, 378,700 related to the Issuer Bid which ended on August 18, 2001 and 373,495 relate to the Issuer Bid which commenced on August 19, 2001. This latter Issuer Bid approves the purchase by the Company of up to 1,646,112 common shares during the one-year period commencing August 19, 2001.

Quarterly Results

(thousands of dollars except per share amounts)	Q4	Q3	Q2	Q1	**2001 Total**	Q4	Q3	Q2	Q1	**2000 Total**
Net Sales	$161,665	$182,549	$189,964	$186,639	**$720,817**	$187,195	$203,038	$210,377	$205,872	**$806,482**
Net (Loss) Earnings	(18,013)	4,418	4,832	2,699	**(6,064)**	(6,410)	7,900	8,802	7,883	**18,175**
Basic and Diluted Net (Loss) Earnings per Share	(0.54)	0.13	0.15	0.08	**(0.18)**	(0.19)	0.23	0.26	0.23	**0.53**

FINANCIAL SUMMARY

(thousands of dollars except per share amounts)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Net Sales	$720,817	$806,482	$793,354	$735,475	$657,556	$493,192	$397,556	$317,563	$242,948	$190,984
(Loss) Earnings from Operations	(6,064)	18,175	33,768	23,393	30,555	26,913	25,111	20,455	12,482	8,633
- Basic and Diluted (Loss) Earnings per Share	(0.18)	0.53	0.98	0.68	0.88	0.78	0.73	0.59	0.36	0.25
Net (Loss) Earnings	(6,064)	18,175	33,768	23,393	30,555	26,913	25,111	20,455	12,482	4,231
- Basic and Diluted (Loss) Earnings per Share	(0.18)	0.53	0.98	0.68	0.88	0.78	0.73	0.59	0.36	0.12
Cash Flows from Operating Activities	76,775	33,845	65,784	37,651	7,887	42,747	25,111	22,133	3,539	9,205
Fixed Asset Expenditures	30,657	26,730	20,753	38,348	21,900	21,849	18,943	27,819	6,129	11,695
Average Shares Outstanding	32,943	34,143	34,537	34,567	34,584	34,584	34,584	34,588	34,648	34,888

Management's Responsibility for Financial Reporting

The consolidated financial statements and other information in this annual report are the responsibility of management. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect estimates based on the best judgement of management. The financial information presented throughout this annual report is consistent with the financial statements.

Management maintains accounting systems which incorporate extensive internal financial controls designed to safeguard assets from loss or unauthorized use and ensure the accuracy of the financial records. An internal audit program has been established to review and evaluate the accounting records and internal controls with findings and recommendations reported to management and the Audit Committee.

KPMG LLP, an independent firm of Chartered Accountants, has been appointed by the shareholders as external auditors of the Corporation. The Auditors' Report to the Shareholders, which describes the scope of the examination and expresses their opinion on the consolidated financial statements is presented on this page.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Board exercises its responsibility through its Audit Committee, the majority of whose members are not employees of the Corporation. This Committee meets regularly with the independent auditors and management, including internal audit staff, to satisfy itself that the responsibilities of the respective parties are properly discharged and to review the consolidated financial statements before they are presented to the Board for approval.

Mark C. Samuel
President and CEO

John D. Amodeo
Vice-President
and Chief Financial Officer

February 11, 2002

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of SAMUEL MANU-TECH INC. as at December 31, 2001 and 2000 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Mississauga, Canada
February 11, 2002

Consolidated Statements of Earnings

(in thousands of dollars except per share amounts)
Years ended December 31, 2001 and 2000

	2001	2000
NET SALES	**$ 720,817**	$ 806,482
COSTS (INCOME) AND EXPENSES:		
Cost of sales, selling and administration	**659,385**	724,654
Depreciation and amortization	**27,509**	26,992
Interest on long-term debt	**11,739**	11,908
Interest on short-term debt	**670**	1,476
Interest income	**(142)**	(342)
	699,161	764,688
EARNINGS BEFORE LOSS ON SALE OF EUROPEAN BUSINESS (2001), RESTRUCTURING CHARGE (2000), INCOME TAXES AND GOODWILL AMORTIZATION	**21,656**	41,794
LOSS ON SALE OF EUROPEAN BUSINESS (note 14)	**25,102**	–
RESTRUCTURING CHARGE (note 2)	**–**	18,586
(LOSS) EARNINGS BEFORE INCOME TAXES AND GOODWILL AMORTIZATION	**(3,446)**	23,208
INCOME TAXES (RECOVERY) (note 10):		
Current	**9,342**	10,822
Future	**(8,355)**	(7,672)
	987	3,150
(LOSS) EARNINGS BEFORE GOODWILL AMORTIZATION	**(4,433)**	20,058
GOODWILL AMORTIZATION, net of income taxes of $339 (2000 - $500)	**1,631**	1,883
NET (LOSS) EARNINGS	**$ (6,064)**	$ 18,175
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE BEFORE GOODWILL AMORTIZATION	**$ (0.13)**	$ 0.59
BASIC AND DILUTED NET (LOSS) EARNINGS PER SHARE	**$ (0.18)**	$ 0.53

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

(in thousands of dollars)
Years ended December 31, 2001 and 2000

	2001	2000
RETAINED EARNINGS, BEGINNING OF YEAR	**$ 189,552**	$ 193,957
CHANGE IN ACCOUNTING POLICY FOR INCOME TAXES (note 10)	**–**	(10,004)
NET (LOSS) EARNINGS	**(6,064)**	18,175
DIVIDENDS PAID ON COMMON SHARES	**(4,604)**	(6,795)
SHARES PURCHASED AND CANCELLED	**(3,640)**	(5,781)
RETAINED EARNINGS, END OF YEAR	**$ 175,244**	$ 189,552

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

(in thousands of dollars)
December 31, 2001 and 2000

	2001	2000
ASSETS		
CURRENT ASSETS:		
Cash and short-term deposits	**$ 15,877**	$ 7,009
Accounts receivable	**85,755**	114,405
Inventories (note 3)	**123,906**	160,914
Prepaid expenses and sundry	**3,318**	3,607
Income taxes receivable	**–**	555
Future income taxes (note 10)	**7,966**	9,343
	236,822	295,833
FIXED ASSETS (note 4)	**197,831**	201,741
FUTURE INCOME TAXES (note 10)	**13,230**	10,617
DEFERRED PENSION COSTS (note 5)	**306**	4,372
INTANGIBLE ASSETS, net of amortization (note 6)	**34,309**	42,535
	$ 482,498	$ 555,098
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank indebtedness	**$ 11,673**	$ 36,722
Accounts payable and accrued liabilities	**66,642**	86,329
Dividends payable	**984**	1,673
Income taxes payable	**5,698**	–
Current portion of long-term debt (note 7)	**12,742**	11,996
	97,739	136,720
LONG-TERM DEBT (note 7)	**152,086**	166,984
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (note 5)	**3,459**	3,751
FUTURE INCOME TAXES (note 10)	**18,007**	25,834
	271,291	333,289
SHAREHOLDERS' EQUITY:		
Capital stock (note 8)	**26,343**	26,951
Retained earnings	**175,244**	189,552
Cumulative translation adjustment	**9,620**	5,306
	211,207	221,809
COMMITMENTS AND CONTINGENCIES (note 9)		
	$ 482,498	$ 555,098

See accompanying notes to consolidated financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) E. J. Samuel, Director

(Signed) M. C. Samuel, Director

Consolidated Statements of Cash Flows

(in thousands of dollars)
Years ended December 31, 2001 and 2000

	2001	2000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net (loss) earnings	$ (6,064)	$ 18,175
Items not involving cash:		
Depreciation and amortization	27,509	26,992
Goodwill amortization	1,970	2,383
Loss on sale of European business, net of income taxes (note 14)	20,400	–
Loss (gain) on disposal of fixed assets	93	(312)
Restructuring charge, net of income taxes (note 2)	–	11,186
Future income taxes	(3,653)	(594)
Increase in deferred pension costs	(230)	(257)
Decrease in post-retirement benefits other than pensions	(477)	(431)
	39,548	57,142
Change in non-cash operating working capital:		
Decrease in accounts receivable	17,363	4,861
Decrease (increase) in inventories	26,240	(15,840)
Decrease (increase) in prepaid expenses and sundry	(193)	939
Decrease in accounts payable and accrued liabilities	(11,712)	(11,223)
Increase (decrease) in income taxes payable	5,529	(2,034)
	76,775	33,845
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Proceeds on sale of fixed assets	259	1,656
Purchase of fixed assets and intangible assets	(30,657)	(26,730)
Proceeds on sale of European business (note 14)	22,747	–
Business acquisitions (note 13)	(2,701)	(27,056)
	(10,352)	(52,130)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Purchase of common shares (note 8)	(4,248)	(6,712)
Increase in long-term debt	26,023	25,868
Repayment of long-term debt	(50,390)	(14,487)
Dividends paid on common shares	(4,604)	(6,795)
	(33,219)	(2,126)
EFFECT OF EXCHANGE RATE CHANGES ON CASH POSITION	713	223
INCREASE (DECREASE) IN CASH POSITION	33,917	(20,188)
CASH POSITION, BEGINNING OF YEAR	(29,713)	(9,525)
CASH POSITION, END OF YEAR	$ 4,204	$ (29,713)

Cash position is comprised of cash and short-term deposits, with maturities at the date of purchase of three months or less, less bank indebtedness.

See accompanying notes to consolidated financial statements.

(in thousands of dollars except per share amounts)
Years ended December 31, 2001 and 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies adopted by the Company are as follows:

(a) Principles of consolidation:

These consolidated financial statements include the accounts of all subsidiaries and the Company's proportionate share of assets and liabilities of a partnership, after elimination of material intercompany balances and transactions.

(b) Inventories:

Raw materials are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value.

(c) Fixed assets, depreciation and amortization:

Fixed assets are recorded at their historical cost. Depreciation and amortization are provided based on the estimated useful lives of the assets at the following annual rates:

Declining-balance basis:	
Furniture and fixtures	20%
Trucks and automobiles	at rates varying from 20% to 30%
Straight-line basis:	
Buildings	at rates varying from 3% to 5%
Machinery and equipment	at rates varying from 7% to 20%
Leasehold improvements	over the terms of the leases plus one renewal option period

(d) Employee benefit plans:

Effective January 1, 2000, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants ("CICA") with respect to accounting for employee future benefits. The new standards have been applied prospectively and the transitional asset is being amortized on a straight-line basis over the average remaining service lives of the members. The discount rate used for determining current service cost and the liability for future benefits is the current interest rate at the balance sheet date on high quality fixed income investments with maturities that match the expected maturity of the obligations. In prior years, the discount rate used for pensions was management's estimate of the long-term interest rate.

Earnings are charged with the cost of benefits earned by employees as services are rendered. The cost reflects management's best estimates of the pension plans' expected investment yields, wage and salary escalation, mortality of members, terminations and the ages at which members will retire. Adjustments arising from pension plan adjustments and changes in assumptions are amortized to earnings over the estimated average remaining service lives of the members. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service lives of the members. The average remaining service life of the members is 15 years.

The difference between pension cost, determined on an accounting basis, and the funding of pension costs, as required by regulatory authorities, gives rise to a timing difference in the recognition of pension expense, which appears on the balance sheets as deferred pension costs.

The Company is responsible for continuing to provide health care and life insurance benefits for certain retired employees. The amount of the accumulated post-retirement benefits obligation has been actuarially determined and benefit costs are charged against the obligation as incurred.

(e) Intangible assets:

Intangible assets represent goodwill arising upon acquisition of subsidiaries, a licence, patents and other intangible assets acquired, all of which are being amortized by charges to earnings on a straight-line basis over periods not exceeding 20 years.

The Company assesses the recoverability of goodwill by determining whether the amortization of the goodwill balance over its remaining life can be recovered through projected undiscounted future operating results. Impairment, if any, is measured based upon an estimate of the fair value of the goodwill.

(f) Income taxes:

Effective January 1, 2000, the Company adopted the liability method of accounting for income taxes as provided for in the new recommendations of the CICA. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws anticipated to apply in the periods that the differences are expected to reverse. Previously, the deferral method was used, based on differences in the timing of reporting income and expenses in financial statements and tax returns, and measured at the tax rate in effect in the year the differences originated. The new method was applied retroactively without restatement of the financial statements of prior periods.

(g) Earnings per share:

Earnings per share are calculated using the weighted average number of shares outstanding during the year. Effective January 1, 2001, the Company adopted the new recommendations of the CICA with respect to the calculation of earnings per share. The adoption of these recommendations had no effect on basic earnings per share, and the assumed exercise of outstanding stock options would not have a dilutive effect.

(h) Foreign exchange translation:

Assets and liabilities of self-sustaining foreign operations are translated into Canadian dollars at year-end exchange rates. Income and expenses are translated at average exchange rates during the year. Cumulative exchange differences arising on translation of the financial statements of the foreign operations are deferred and reported in a foreign currency translation adjustment account in the shareholders' equity section of the consolidated balance sheets.

(i) Derivative financial instruments:

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. These instruments include forward exchange contracts and interest rate swaps. All such instruments are used for risk management purposes only. The income or expense arising from these activities is offset against the item hedged. Unrealized gains or losses on outstanding contracts are not recorded in the financial statements until maturity of the underlying transactions.

(j) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(k) Stock option plan:

The Company has a stock option plan which is described in note 8. No compensation expense is recognized for this plan when stock options are issued. Any consideration paid on exercise of stock options is credited to share capital. If stock options are repurchased, the excess of the consideration paid over the carrying amount of the stock option cancelled is charged to retained earnings.

2. RESTRUCTURING CHARGE:

The 2000 financial results of the Company include a pre-tax charge of $18,586 ($11,186 after tax) associated with restructuring actions within the Packaging segment comprising $3,797 for severance and other expenses associated with eliminating redundant or duplicated costs, a writedown of $6,994 relating to assets which were affected by the restructuring and $7,795 relating to goodwill which was determined to be permanently impaired. At December 31, 2001, the liability for restructuring charges included in accounts payable was $817 (2000 - $1,954).

3. INVENTORIES:

Inventories are comprised of the following:

	2001	2000
Raw materials	$ 21,807	$ 33,303
Work in process	6,161	9,835
Finished goods	95,938	117,776
	$ 123,906	$ 160,914

4. FIXED ASSETS:

2001	Cost	Accumulated Depreciation	Net Book Value
Land	$ 9,045	$ –	$ 9,045
Buildings	55,448	16,220	39,228
Machinery and equipment	275,703	133,831	141,872
Furniture and fixtures	18,679	14,068	4,611
Trucks and automobiles	2,631	1,274	1,357
Leasehold improvements	4,753	3,035	1,718
	$ 366,259	$ 168,428	$ 197,831

2000	Cost	Accumulated Depreciation	Net Book Value
Land	$ 10,880	$ –	$ 10,880
Buildings	64,840	16,341	48,499
Machinery and equipment	248,195	114,138	134,057
Furniture and fixtures	17,441	12,257	5,184
Trucks and automobiles	3,084	1,673	1,411
Leasehold improvements	4,675	2,965	1,710
	$ 349,115	$ 147,374	$ 201,741

5. DEFERRED PENSION COSTS:

The Company has a number of defined contribution and defined benefit pension plans providing pension benefits to most of its employees. The total expense for the Company's defined contribution plans for 2001 was $1,316 (2000 - $1,724). Information about the Company's defined benefit plans is as follows:

	Pension plans 2001	Pension plans 2000	Other benefit plans 2001	Other benefit plans 2000
PLAN ASSETS:				
Fair value, beginning of year	$ 83,731	$ 80,873	$ –	$ –
Sale of European business (note 14)	(41,678)	–	–	–
Actual (loss) return on plan assets	(543)	3,898	–	–
Employer contributions	1,778	2,212	469	–
Employee contributions	473	473	–	–
Administrative fees	(537)	–	(469)	–
Benefits paid	(2,092)	(3,725)	–	–
Foreign exchange rate changes	275	–	–	–
Fair value, end of year	$ 41,407	$ 83,731	$ –	$ –
ACCRUED BENEFIT OBLIGATION:				
Balance, beginning of year	$ 78,402	$ 75,861	$ 4,374	$ 4,541
Sale of European business (note 14)	(38,320)	–	–	–
Current service cost	2,662	3,345	–	–
Interest cost	2,927	5,014	296	295
Plan amendments	723	–	–	–
Benefits paid	(2,092)	(3,725)	(469)	(462)
Actuarial losses (gains)	260	(2,093)	4	–
Foreign exchange rate changes	270	–	11	–
Balance, end of year	$ 44,832	$ 78,402	$ 4,216	$ 4,374
FUNDED STATUS - PLAN SURPLUS (DEFICIT):				
Surplus (deficit), end of year	$ (3,425)	$ 5,329	$ (4,216)	$ (4,374)
Unamortized past service cost	777	91	–	–
Unamortized net actuarial loss (gain)	3,192	(768)	757	623
Unamortized transitional (asset) obligation	(238)	(280)	–	–
Accrued benefit asset (liability), end of year	$ 306	$ 4,372	$ (3,459)	$ (3,751)
PENSION EXPENSE:				
Current service cost, net of employee contributions	$ 1,749	$ 2,969	$ –	$ –
Interest cost	2,918	5,014	288	295
Expected return on plan assets	(3,338)	(6,039)	–	–
Amortization of past service costs	43	7	–	–
Amortization of net actuarial loss	1	–	20	22
Amortization of transitional (asset) obligation	(32)	(32)	–	–
Net pension expense	$ 1,341	$ 1,919	$ 308	$ 317

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows (weighted average assumptions as at December 31, 2001):

	Pension plans 2001	Pension plans 2000	Other benefit plans 2001	Other benefit plans 2000
Discount rate	7.05%	6.42%	7.50%	7.50%
Expected long-term rate of return on plan assets	8.11%	7.43%	–	–
Rate of compensation increase	3.50%	3.75%	–	–
Assumed rate of increase in per capita cost of covered health care benefits	–	–	5.00%	5.00%

Included in the above accrued benefit obligation and fair value of plan assets at year end are the following amounts in respect of plans that are not fully funded:

	Pension plans 2001	Pension plans 2000	Other benefit plans 2001	Other benefit plans 2000
Accrued benefit obligation	$ 38,859	$ 32,725	$ 4,215	$ 4,374
Fair value of plan assets	35,588	28,374	–	–
Funded status - plan deficit	$ 3,271	$ 4,351	$ 4,215	$ 4,374

In addition to the benefit arrangements noted above, the Company's European business also sponsored two defined benefit pension plans. The Company has transferred all obligations and associated assets in respect of these pension plans as part of the share sale of its European business (note 14). The Company's 2001 pension expense in respect of these two pension plans for the period up to the date of sale was $179.

6. INTANGIBLE ASSETS:

Intangible assets are comprised of the following:

	2001	2000
Goodwill, net	$18,138	$25,210
Licence, net (i)	15,547	16,136
Patents and other, net (ii)	624	1,189
	$34,309	$42,535

(i) The cost and accumulated amortization of the licence at December 31, 2001 amounted to $23,892 (2000 - $22,493) and $8,345 (2000 - $6,357), respectively.

(ii) The cost and accumulated amortization of patents and other at December 31, 2001 amounted to $1,314 (2000 - $1,993) and $690 (2000 - $804), respectively.

7. LONG-TERM DEBT:

	2001	2000
Senior notes	$133,795	$137,954
Revolving credit	31,033	41,026
	164,828	178,980
Less principal due within one year	12,742	11,996
	$152,086	$166,984

The Company issued and sold U.S. $100,000 in senior notes on April 28, 1997 to replace the Company's term credit agreement with the bank, which was for the purpose of acquiring the packaging businesses of The Interlake Corporation in 1996. The second principal payment of U.S. $8,000 was made as due on April 30, 2001. The senior notes are repayable on April 28 of each year per the following schedule: U.S. $8,000 in 2002; U.S. $20,000 in 2003; U.S. $20,000 in 2004; and U.S. $36,000 in 2005. At the Company's option, on or after April 1, 2003, additional principal amounts of the senior notes may be repaid. The average life of the senior notes was 6.44 years. The notes are unsecured and bear interest as at December 31, 2001 at a rate of 6.99%.

The Company's revolving credit agreement with the bank provides for a $75,000 facility maturing on July 29, 2004. The Company can borrow by direct advances at bank prime or at various bankers' acceptances and LIBOR options plus stamping fees. The loan is unsecured and bears interest as at December 31, 2001 at a rate of 3.06% (2000 - 7.48%) inclusive of stamping fees.

On December 14, 2001, the Company entered into an additional bank commitment agreement providing for a U.S. $20,000 non-revolving term facility maturing April 28, 2005. The purpose of this new unsecured facility is to finance the buyback of U.S. $16,800 in senior notes that closed on January 18, 2002. The Company can borrow by direct advances at various LIBOR options plus stamping fees. No advances were made under this facility as at December 31, 2001.

Principal payments to maturity are $12,742 in 2002; $31,856 in 2003; $31,856 in 2004; and $57,341 in 2005.

Interest paid in 2001 was $12,174 (2000 - $13,672).

8. CAPITAL STOCK:

The authorized capital stock of the Company comprises an unlimited number of first preferred shares and an unlimited number of common shares. Details of issued and outstanding common shares for the years ended December 31, 2001 and 2000 are as follows:

	2001		2000	
	Shares	Amount	Shares	Amount
Balances at January 1	33,300,940	$26,951	34,450,340	$27,882
Shares purchased for cancellation	(752,195)	(608)	(1,149,400)	(931)
Balances at December 31	32,548,745	$26,343	33,300,940	$26,951

During 2001, the Company purchased and cancelled 752,195 (2000 - 1,149,400) common shares at an aggregate cost of $4,248 (2000 - $6,712), of which $608 (2000 - $931), equal to the book value of the shares, was allocated to share capital and the balance of $3,640 (2000 -$5,781) to retained earnings.

Under the stock option plan, the Company has granted options to purchase common shares to certain directors, officers and key employees of the Company. These options vest at 40% after two years from grant date, and 20% each year thereafter. Each option gives the right to its holder to acquire one common share. The option prices are equal to the closing price of the common shares on The Toronto Stock Exchange on the trading day immediately prior to the day the options were granted. These options expire ten years after the grant date.

Changes in the Company's stock options are as follows:

	2001		2000	
	Options	Weighted average price	Options	Weighted average price
Balances at January 1	671,000	$ 7.82	459,000	$ 8.96
Options granted	20,000	5.70	212,000	5.35
Balances at December 31	691,000	$ 7.76	671,000	$ 7.82
Available for grant at December 31	226,600	$ 9.25	86,000	$10.50

The following options were outstanding as at December 31, 2001. To date no options have been exercised.

	Number of options	Exercise prices	Weighted average remaining contractual life
Options granted in 1998	215,000	$10.50	7
Options granted in 1999	244,000	7.60	8
Options granted in 2000	212,000	5.35	9
Options granted in 2001	20,000	5.70	10
	691,000	$ 7.76	8

Effective January 1, 2001, the Company adopted the new recommendations of the CICA with respect to the calculation of earnings per share. These recommendations were applied retroactively and had no effect on basic and diluted earnings per share. The capital stock outstanding used to calculate basic and diluted earnings per share is as follows:

	2001	2000
Weighted average number of common shares outstanding during the year (for calculation of basic earnings per share)	32,942,975	34,142,948
Incremental shares	–	6,206
Weighted average number of common shares outstanding during the year (for calculation of diluted earnings per share)	32,942,975	34,149,154

9. COMMITMENTS AND CONTINGENCIES:

The Company has the following operating lease commitments covering certain buildings and equipment used in operations, requiring minimum payments of which 14% is to the majority shareholder of the Company:

2002	$ 7,674
2003	6,709
2004	4,992
2005	4,228
2006	2,755
Thereafter	9,403
	$ 35,761

As at December 31, 2001, the Company is committed to capital expenditures of approximately $4,869 (2000 - $27,658).

As at December 31, 2001, the Company was committed to the sale of U.S. $6,000 under forward exchange contracts. The contracts are at rates of exchange ranging from Cdn. $1.5811 to $1.5823 maturing from January 8 to March 19, 2002. The forward exchange contracts represent an obligation to exchange principal amounts between the Company and the counterparty.

As at December 31, 2001, the Company was committed to an interest rate swap agreement on a notional amount of U.S. $13,000 effective from January 18, 2002 to April 28, 2005. The agreement subjects the Company to a fixed rate of 4.545% and the counterparty to a floating three-month U.S. dollar LIBOR rate.

Credit risk exists in the event of non-performance by a counterparty to the forward exchange contracts or the interest rate swap agreement. This risk is minimized as each contract is with a major chartered bank and represents an exchange between the same parties allowing for an offset in the event of non-performance.

The reported values of derivative financial instruments at December 31, 2001 approximate their fair values. The carrying amounts of cash and short-term investments, accounts receivable and short-term obligations approximate their fair values because of the near-term maturity of those instruments. The carrying value of long-term debt approximates its fair value as the debt bears interest at rates comparable to current market rates.

The Company is also involved in various legal actions. In the opinion of management, the outcome of such proceedings will not have a material adverse effect on the financial position of the Company.

10. INCOME TAXES:

Effective January 1, 2000, the Company adopted the new recommendations of the CICA with respect to accounting for income taxes. The effect of adopting the liability method of tax allocation, on a retroactive basis, without restating the financial statements of prior periods was to increase (decrease) the following:

Future income taxes	$ 9,501
Retained earnings	(10,004)
Cumulative translation adjustment	503

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	2001	2000
FUTURE INCOME TAX ASSETS:		
Accounts receivable	$ 747	$ 787
Inventories	2,139	2,192
Fixed assets	–	2,316
Intangible assets	3,649	3,202
Accounts payable	3,872	3,453
Tax losses	12,081	11,453
Total future income tax assets	22,488	23,403
Valuation allowance	(1,292)	(3,443)
Net future income tax assets	21,196	19,960
Less current portion	7,966	9,343
Non-current future income tax assets	$ 13,230	$ 10,617
FUTURE INCOME TAX LIABILITIES:		
Deferred pension costs	$ –	$ 1,315
Fixed assets	17,178	24,137
Intangible assets	280	382
Tax in foreign jurisdictions	549	–
Total future income tax liabilities	$ 18,007	$ 25,834

The Company's effective income tax rate is derived as follows:

	2001	2000
Basic Canadian tax rate	40.1%	41.5%
Federal surtax	1.1	1.1
Manufacturing and processing profits credit	(6.1)	(6.1)
Effect of loss on sale of European business	(75.2)	–
Effect of different tax rates in foreign jurisdictions	52.5	(19.3)
Non-deductible amortization of fixed assets and goodwill	(19.8)	5.4
Effect of previously unrecognized temporary differences and tax rate changes	–	(4.5)
Effect of foreign exchange translation	–	(3.2)
Other	(4.6)	(2.2)
Effective tax rate	(12.0%)	12.7%

The Company has non-capital losses of approximately $11,700 (2000 - $13,800) available to offset future taxes payable, the benefit of which has been recognized in the consolidated financial statements. In addition, the Company has net capital losses of approximately $18,200 (2000 - $6,400), which can be carried forward indefinitely to offset future capital gains. The benefit of the net capital losses has not been reflected in the consolidated financial statements.

Income taxes paid in 2001 were $4,384 (2000 - $14,304).

11. RELATED PARTY TRANSACTIONS:

The Company had transactions in the normal course of operations with its parent and companies under its control as follows:

	2001	2000
Sales of goods and services	$ 10,181	$ 11,506
Purchases of goods and services	19,296	11,387

Accounts payable and accrued liabilities include amounts due as at December 31, 2001 to the parent and companies under its control of $1,605 (2000 - $1,434).

Accounts receivable includes amounts due as at December 31, 2001 from the parent and companies under its control of $976 (2000 - $837).

12. SEGMENTED INFORMATION:

The Company operates in three business segments - Packaging, Metal Processing and Distribution, primarily within the North American and European markets (note 14).

Business Segments - 2001:	Packaging	Metal Processing	Distribution	Corporate	Consolidated
Net sales	$ 367,936	$ 259,702	$ 93,179	$ –	$ 720,817
Earnings (loss) before sale of European business, interest and goodwill amortization	$ 15,113	$ 26,692	$ (2,677)	$ (5,205)	$ 33,923
Sale of European business					(25,102)
Interest on long-term debt					(11,739)
Interest on short-term debt					(670)
Interest income					142
Loss before income taxes and goodwill amortization					$ (3,446)
Identifiable assets	$ 199,392	$ 214,659	$ 49,472	$18,975	$ 482,498
Depreciation and amortization	$ 11,309	$ 15,132	$ 758	$ 310	$ 27,509
Goodwill amortization, net of income taxes	$ 1,608	$ 23	$ –	$ –	$ 1,631
Net capital expenditures	$ 4,614	$ 25,159	$ 567	$ 317	$ 30,657

Business Segments - 2000:	Packaging	Metal Processing	Distribution	Corporate	Consolidated
Net sales	$ 404,762	$ 302,734	$ 98,986	$ –	$ 806,482
Earnings (loss) before restructuring charge, interest and goodwill amortization	$ 14,110	$ 41,638	$ 2,903	$ (3,815)	$ 54,836
Restructuring charge					(18,586)
Interest on long-term debt					(11,908)
Interest on short-term debt					(1,476)
Interest income					342
Earnings before income taxes and goodwill amortization					$ 23,208
Identifiable assets	$ 272,370	$ 218,982	$ 57,661	$ 6,085	$ 555,098
Depreciation and amortization	$ 12,458	$ 13,552	$ 692	$ 290	$ 26,992
Goodwill amortization, net of income taxes	$ 1,860	$ 23	$ –	$ –	$ 1,883
Net capital expenditures	$ 6,353	$ 19,519	$ 665	$ 193	$ 26,730

Geographic Segments:

	2001	2000
Net sales from North American businesses	$ 672,537	$ 749,634
Net sales from European business	48,280	56,848
	$ 720,817	$ 806,482

	2001	2000
Earnings before sale of European business (2001), restructuring charge (2000), interest and goodwill amortization in North American businesses	$ 38,426	$ 57,420
Earnings before sale of European business (2001), restructuring charge (2000), interest and goodwill amortization in European business	702	1,231
Corporate expenses before sale of European business (2001), restructuring charge (2000), interest and goodwill amortization	(5,205)	(3,815)
Earnings before sale of European business (2001), restructuring charge (2000), interest and goodwill amortization	33,923	54,836
Sale of European business	(25,102)	–
Restructuring charge	–	(18,586)
Interest on long-term debt	(11,739)	(11,908)
Interest on short-term debt	(670)	(1,476)
Interest income	142	342
(Loss) earnings before income taxes and goodwill amortization	$ (3,446)	$ 23,208

	2001	2000
Identifiable assets in North American businesses	$ 463,523	$ 493,771
Identifiable assets in European business	–	55,242
	463,523	549,013
Corporate assets	18,975	6,085
	$ 482,498	$ 555,098

	2001	2000
Export sales of North American production to foreign countries	$ 11,460	$ 10,168
Export sales of European production to foreign countries	23	27

13. BUSINESS ACQUISITIONS:

Effective March 12, 2001, the Company acquired the net assets and business of Pearce Industries Ltd. and Surrey Wire Rope Ltd. This acquisition has been accounted for under the purchase method of accounting and the results of operations since the acquisition have been included in the consolidated statement of earnings. Details of the consideration given and the fair value of net assets acquired are as follows:

Cash consideration	$ 2,701
Net assets acquired, at fair values:	
Inventories	$ 2,369
Prepaid expenses	4
Fixed assets	412
Accounts payable	(84)
Net assets acquired	$ 2,701

Effective June 22, 2000, the Company acquired the net assets and business of WorldClass Processing Inc. This acquisition has been accounted for under the purchase method of accounting and the results of operations since the acquisition have been included in the consolidated statement of earnings. Details of the consideration given and the fair value of net assets acquired are as follows:

Cash consideration	$ 27,056
Net assets acquired, at fair values:	
Accounts receivable	$ 2,491
Inventories	609
Prepaid expenses	275
Fixed assets	27,910
Accounts payable	(4,229)
Net assets acquired	$ 27,056

14. SALE OF EUROPEAN BUSINESS:

Effective November 21, 2001, the Company sold the shares of its wholly owned subsidiary, Samuel Strapping Systems (U.K.) Limited, for net proceeds of $22,747 resulting in a net loss on sale of $20,400 as follows:

Loss on sale of European business	$ 25,102
Reversal of future income tax liability	(4,702)
Net loss on sale of European business	$ 20,400

Included in accounts receivable are $2,300 of the net proceeds to be received in April 2002.

PRINCIPAL OPERATING LOCATIONS

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H4T 1W6

Unalloy-IWRC

19414 Enterprise Way
Surrey, British Columbia
V3S 6J9

2306 4th Street
Nisku, Alberta
T9E 7W5

Energy Steel Products

10002 Windfern Road
Houston, Texas
77064, U.S.A.

8540 Cobb Center Drive, Suite 300
Kennesaw, Georgia
30144, U.S.A.

Energy Steel Products

550 State Road
Bensalem, Pennsylvania
19020, U.S.A.

1191 W. Hawthorne Lane
West Chicago, Illinois
60185, U.S.A.

11835 E. Smith Avenue
Santa Fe Springs, California
90670, U.S.A.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
Toronto, Ontario

AUDITORS

KPMG LLP
Mississauga, Ontario

ANNUAL MEETING

April 24, 2002, 4:30 p.m.
The Toronto Stock Exchange Conference Centre
2 First Canadian Place
Toronto, Ontario

CORPORATE INFORMATION

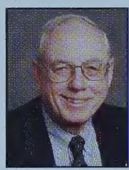
DIRECTORS

Elizabeth J. Samuel †
Chairman

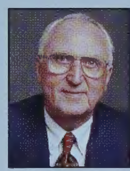
Wayne K. Bassett, C.A. * ○
Vice-President

Henry J. Knowles, Q.C. * ◆
Counsel
Sheldon Huxtable

Mark C. Samuel † ○
President and CEO



Kenneth W. Harrigan, O.C. * † ◆ ○
Past Chairman and CEO
Ford Motor Company of Canada, Limited

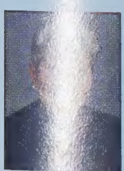


Thomas H. Savage, CBE † ◆
Past Chairman and President
ITT Canada Limited

Rick M. Balaz
Vice-President and General Manager
Ontario Flat Rolled Processing Group
Samuel, Son & Co., Limited

* Member of Audit Committee
† Member of Human Resources and Compensation Committee
◆ Member of Corporate Governance Committee
○ Member of Merger/Acquisition and Investment Committee

OFFICERS

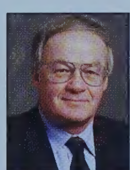


Elizabeth J. Samuel
Chairman

John D. Amodeo
Vice-President and Chief Financial Officer

Wayne K. Bassett
Vice-President

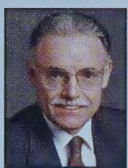
Mark C. Samuel
President and CEO



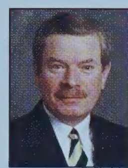
Don L. Eckhart
Vice-President Operations

Michael A. Evelyn
Corporate Controller and Secretary

Packaging



John Morton
President
Samuel Strapping Systems Group



M. Bruce Hannah
Vice-President and General Manager
Samuel-Acme Strapping Systems

Robert W. Hickey
President
Samuel Strapping Systems - U.S.

Keith A. Preston
Vice-President Finance
Samuel Strapping Systems Group

Glyn F. Morris
Vice-President Manufacturing & Supply Management
Samuel Strapping Systems Group

Metal Processing

R. Scott Sweatman
President and General Manager
Associated Tube Industries

Edward P. O'Connor
President
Steel Pickling Group

Gary E. Bullock
General Manager
Samuel Steel Pickling Company

G. Gerald Valgora
President
Roll Form Group

William P. MacDonald
General Manager
Nelson Steel

Daniel J. Magee
General Manager
WorldClass Processing Corp.

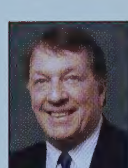
Tamo P. Bianchi
Vice-President
Roll Form Group

Graham Oakley
General Manager
Nelson Consulting and Technology

Michael V. Newlands
President
Steel Fab

Distribution

David D. Neil
President
Unalloy-IWRC Group and Energy Steel Products, Inc.



John D. Jackson
General Manager
Unalloy-IWRC, Quebec

Samuel Manu-Tech Inc. on the WorldWideWeb.

Samuel Manu-Tech Inc. is easily accessible on the Internet
with all of its Corporate and Divisional information.
Under Corporate Information you will find our Company Profile -
Quarterly Financial and Annual Reports - Latest Available Stock Quotations -
News on Major Expansions and Acquisitions - Environmental Policy -
and a List of its Operating Divisions.

Each of the Operating Divisions reveals General Information -
Services and Products being offered - and a link to their individual websites
connects you quickly to more detailed information and technical data.

"A leading value-added processor and distributor of
steel, plastic and related industrial products."

2001 ANNUAL REPORT

SAMUEL MANU-TECH INC.